

NEENAH, INC.
2019 ANNUAL REPORT

FINANCIAL HIGHLIGHTS

Continuing Operations

(Dollar in millions, except share data)

	Year End December 31,		
	2017	2018	2019
Consolidated Statement of Operations Data			
Net Sales	\$979.9	\$1,034.9	\$938.5
Adjusted EBIT	\$103.0	\$84.8	\$83.1
% ROS	10.5%	8.2%	8.9%

Earnings per Diluted Common Share

Adjusted Earnings from Continuing Operations	\$4.32	\$3.50	\$3.47
Weighted-Average Shares Outstanding (in thousands)	17,052	16,968	16,906

Consolidated Balance Sheet Data

Total Assets	\$904.4	\$861.2	\$827.8
Total Stockholders' Equity	\$399.9	\$390.2	\$406.3
Total Debt	\$255.5	\$239.1	\$200.8
Cash and Cash Equivalents	\$4.5	\$9.9	\$9.0
Debt to Adjusted EBITDA	1.8x	1.9x	1.6x
Debt to Capital	39%	38%	33%

Other Financial Data

Net Cash Flow Provided by (used for):

Operating Activities	\$100.0	\$92.7	\$97.6
Capital Expenditures	(42.7)	(38.1)	(21.4)
Free Cash Flow	\$57.3	\$54.6	\$76.2
Stock Price Year-End	\$90.65	\$58.92	\$70.43
Cash Dividend	\$1.48	\$1.64	\$1.80

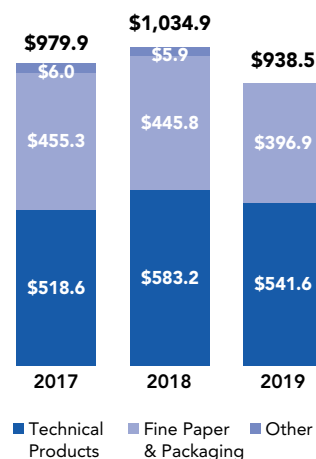
GAAP Reconciliation

(Dollars in millions, except share data)

	Year End December 31,		
	2017	2018	2019
Net income	\$80.3	\$36.4	\$55.4
Loss from Discontinued Operations	—	0.8	—
Income from Continuing Operations	80.3	37.2	55.4
Provision for Income Taxes	11.4	3.9	11.1
Interest Expense, Net	12.6	13.0	11.8
EBIT (Operating Income)	104.3	54.1	78.3
Restructuring, Integration and Other Costs	1.3	2.1	6.2
Benefit Plan, Insurance and Other Settlements	(2.6)	(2.5)	(1.4)
Impairment Loss	—	31.1	—
Adjusted EBIT	103.0	84.8	83.1
Depreciation & Amortization	32.1	35.0	33.8
Amortization Equity-Based Compensation	6.4	4.0	5.6
Adjusted EBITDA	\$141.5	\$123.8	\$122.5
Diluted Earnings per Share	\$4.68	\$2.17	\$3.26
Restructuring, Integration and Other Costs	0.06	0.10	0.27
Benefit Plan, Insurance and Other Settlements	(0.10)	(0.15)	(0.06)
Impairment Loss	—	1.37	—
Tax Adjustments	(0.32)	0.01	—
Adjusted Diluted Earnings per Share	\$4.32	\$3.50	\$3.47

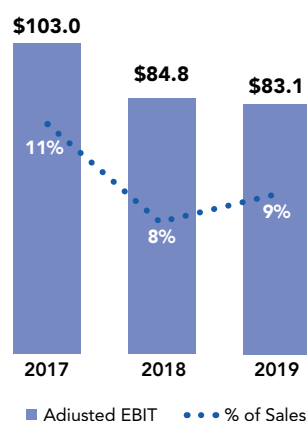
Net Sales

(In millions of U.S. dollars)

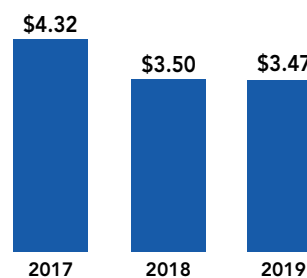


Adjusted EBIT

(In millions of U.S. dollars)



Adjusted Earnings Per Share



TECHNICAL PRODUCTS

Neenah is a leading producer of Technical Products, using various substrates to produce specialized materials that employ saturation, coating and other function-enhancing processes to deliver specified performance to customers.

Our products include filtration, digital image transfer, tape, dye sublimation papers, abrasive backings, labels and other specialized products. Specific end uses include transportation and water filtration,

industrial applications, medical packaging, signage and many others.

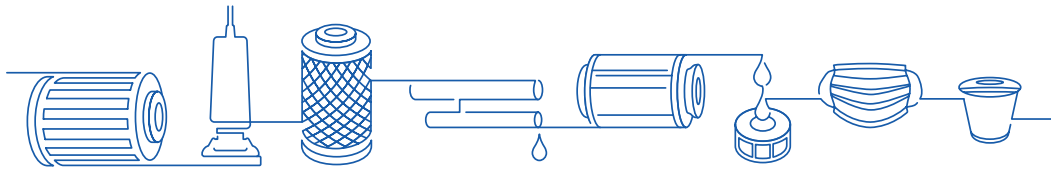
The Technical Products group serves over 1,000 customers worldwide through manufacturing facilities in the U.S., Germany, the Netherlands, and the U.K., supported by R&D efforts focused on developing new products that will deliver the performance our customers require and drive our growth.

OUR PRODUCTS DELIVER HIGH-PERFORMANCE SOLUTIONS:

- providing essential filtration capabilities for transportation, water and other uses
- enabling superior performance in products for industrial applications, such as abrasives, tapes and digital image transfer
- meeting specialized needs for strength, durability resistance to water and contamination in products as diverse as medical packaging, labels and covering materials

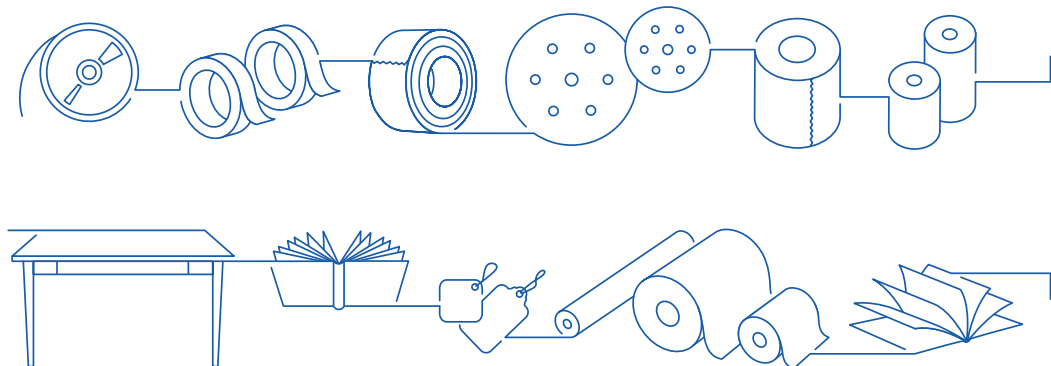
FILTRATION

High-performance filtration media for transportation, industrial, water and other markets



PERFORMANCE MATERIALS

Saturated and coated products for a variety of end markets, including digital transfers, backings for specialty abrasives and tapes, labels, durable printing and medical applications



FINE PAPER & PACKAGING

Neenah is the market leader in North America in the creation and manufacturing of premium paper and packaging. The Neenah Fine Paper portfolio includes recognizable and distinguished brands like CLASSIC®, ENVIRONMENT®, ROYAL SUNDANCE®, ASTROBRIGHTS® and Southworth®. With multiple U.S. manufacturing facilities specializing in color, texture and specialty features, there is an endless combination of paper, packaging and envelopes available.

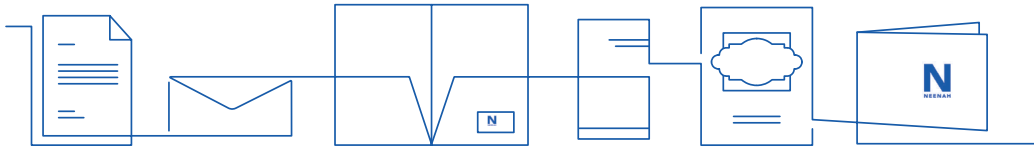
Neenah Premium Packaging provides unique, sustainable and custom solutions for many of the world's leading brands in cosmetics and fragrances; wine, spirits and craft beer; and retail. Our offering includes materials for box wraps, gift cards, hangtags, labels, folding board and fragrance strips. We provide captivating colors and textures, customized for brands or ready-made, as well as high-performance products and hands-on customer service.

OUR PRODUCTS ARE IN DEMAND WHEREVER IMAGE MATTERS:

- high-end marketing and advertising collateral and business identity systems
- upscale packaging and label for high value items in small packages, focused on beauty, alcohol and retail markets
- brightly colored papers for home, school or business

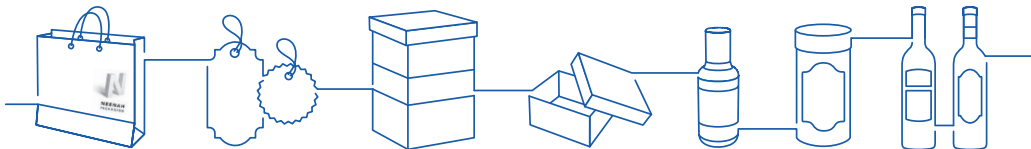
GRAPHIC IMAGING

Unique colors, textures and finishes for identity systems, invitations, crafting, advertising and marketing collateral, and envelopes



PREMIUM PACKAGING

Image-enhancing colors and textures for premium folding board, box wrap, bags and hang tags, and labels for cosmetics and fragrances; wine, spirits, craft beers, and retail





NOTICE OF 2020
ANNUAL MEETING
OF STOCKHOLDERS
AND PROXY STATEMENT

TO OUR STOCKHOLDERS

April 9, 2020

On behalf of the Board of Directors, it is my pleasure to invite you to attend the 2020 Annual Meeting of Stockholders of Neenah, Inc. to be held at the Company's headquarters located at Preston Ridge III, 3460 Preston Ridge Road, Suite 600, Alpharetta, Georgia 30005 on Thursday, May 21, 2020 at 2:00 p.m., Eastern Daylight Time.

Looking back at 2019, I'm very pleased with what our teams accomplished. While external factors challenged demand in many of our markets, our teams focused on items within their control, implementing strategic decisions that will make us stronger in the years to come, as well as taking actions that had a more immediate positive impact. These included:

- Managing costs and pricing to restore operating margins after a rapid run-up in input costs in 2018
- Reinvigorating our product innovation pipeline and launching a number of unique new products
- Changing a major fine paper distributor to others who are providing more support for our brands
- Continuing to ramp-up and improve operational efficiencies in our US filtration plant
- Generating record free cash flow and using it to reduce debt significantly
- Increasing financial expertise and diversity on our Board with the addition of Donna Costello
- Announcing a 10th consecutive year of increasing dividends

As we enter 2020, our actions continue...

- We've implemented a new, functionally-aligned organization to help accelerate value creation globally between all our businesses
- We're publishing a new Corporate Sustainability Report, highlighting our commitment and accomplishments to environmental, social and governance issues
- We're implementing a new operating system at our two largest plants, helping to drive safety and cost improvements

These actions underscore our commitment to become a leading global specialty materials company known for its ability to create sustainable value for its stockholders, its dedication to providing a safe and healthy workplace for its employees, and as a responsible and engaged steward of the environment and communities in which we operate.

We are actively monitoring developments with respect to the coronavirus. In the event it is not possible or advisable to hold our annual meeting in person, we will announce alternative arrangements for the meeting, which may include holding the meeting solely by means of remote communication. Please monitor our investor relations webpage at www.neenah.com for updated information.


The formal business to be transacted at the 2020 Annual Meeting of Stockholders includes:

- Election of the three nominees detailed in this Proxy Statement as Class I directors for a three-year term;
- Approval of an advisory vote on the Company's executive compensation; and
- Ratification of the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2020.

At the meeting, we will provide a brief report on our results and strategies. Our directors and executive officers, as well as representatives from Deloitte & Touche LLP, will be in attendance to answer any questions. Regardless of whether you choose to attend or not, please either vote electronically, by telephone, or follow the procedures for requesting written copies of the proxy materials described in the attached Proxy Statement and return the proxy card at your earliest convenience. This will assure your shares will be represented and voted at the Annual Meeting.

In February, I announced to the Board of Directors my intention to retire as of the 2020 Annual Meeting of Stockholders and am confident in the succession plan developed by the Board of Directors and in Julie Schertell's ability to lead Neenah as our next CEO. It's been an honor and a pleasure to lead this company the past 10 years and I leave with Neenah in a very good place - with a strong financial position, especially important during the current unprecedented economic and public health challenges, catalysts in place to propel future growth, a deep and experienced leadership team, and outstanding employees. On behalf of our Board of Directors, thank you for your support and trust. We look forward to updating you on our progress in 2020.

Sincerely,



JOHN P. O'DONNELL
President and Chief Executive Officer

NOTICE OF 2020 ANNUAL MEETING OF STOCKHOLDERS



Meeting Date:
May 21, 2020



Meeting Time:
2:00 p.m. (Eastern Daylight Time)



Meeting Place¹:
Preston Ridge III
3460 Preston Ridge Road, Suite 600
Alpharetta, Georgia 30005



Record Date:
March 27, 2020

Matters that will be voted upon:

1. A proposal to elect the three nominees named as Class I directors in the attached Proxy Statement to serve until the 2023 Annual Meeting of Stockholders;
2. A proposal to approve, on an advisory basis, the Company's executive compensation;
3. A proposal to ratify the appointment of Deloitte & Touche LLP as the independent registered public accounting firm of Neenah, Inc. for the fiscal year ending December 31, 2020; and
4. Such other business as properly may come before the Annual Meeting or any adjournments thereof. The Board of Directors is not aware of any other business to be presented to a vote of the stockholders at the Annual Meeting.

NOTICE HEREBY IS GIVEN that the 2020 Annual Meeting of Stockholders of Neenah, Inc. will be held at the Company's headquarters located at Preston Ridge III, 3460 Preston Ridge Road, Suite 600, Alpharetta, Georgia 30005 on Thursday, May 21, 2020 at 2:00 p.m., Eastern Daylight Time.

Information relating to the above matters is set forth in the attached Proxy Statement. Stockholders of record at the close of business on March 27, 2020 are entitled to receive notice of and to vote at the Annual Meeting and any adjournments thereof.

This Proxy Statement and the 2020 Annual Report to Stockholders are available on our Investor Relations webpage at: www.neenah.com.

Please read the attached proxy statement and then vote electronically, by telephone, or request printed proxy materials and promptly complete, execute, and return the proxy card included with the proxy materials in the accompanying postage envelope.

By order of the Board of Directors.

NOAH S. BENZ
Senior Vice President, General Counsel and Secretary

Alpharetta, Georgia
April 9, 2020

PLEASE READ THE ATTACHED PROXY STATEMENT AND THEN VOTE ELECTRONICALLY, BY TELEPHONE, OR REQUEST PRINTED PROXY MATERIALS AND PROMPTLY COMPLETE, EXECUTE, AND RETURN THE PROXY CARD INCLUDED WITH THE PROXY MATERIALS IN THE ACCOMPANYING POSTAGE-PAID ENVELOPE.

¹We intend to hold our annual meeting in person. If you are planning to attend our meeting, please check the website one week prior to the meeting date. As always, we encourage you to vote your shares prior to the annual meeting. However, we are actively monitoring the coronavirus (COVID-19) and are sensitive to the public health and travel concerns our stockholders may have and the protocols that federal, state, and local governments may impose. In the event it is not possible or advisable to hold our annual meeting in person, we will announce alternative arrangements for the meeting as promptly as practicable, which may include holding the meeting solely by means of remote communication. Please monitor our investor relations webpage at www.neenah.com for updated information.

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PROXY STATEMENT SUMMARY

Our Board of Directors is soliciting proxies from our stockholders in connection with Neenah's Annual Meeting of Stockholders. When used in this Proxy Statement, the terms "we," "us," "our," "the Company," and "Neenah" refer to Neenah, Inc. and its consolidated subsidiaries. The approximate date on which this Proxy Statement is being filed and notice is being sent or given to stockholders of record is April 9, 2020.

This summary highlights information contained in the Proxy Statement. It does not include all of the information that you should consider prior to voting and we encourage you to read the entire document prior to voting.

For more complete information regarding Neenah's 2019 financial performance, please review the Company's Annual Report on Form 10-K for the year ended December 31, 2019.

STOCKHOLDERS ARE BEING ASKED TO VOTE ON THE FOLLOWING MATTERS AT THE 2020 ANNUAL MEETING OF STOCKHOLDERS:

Description	Item	Board Recommendation	Page
 Election of Directors The Board and the Nominating and Corporate Governance Committee believe that the three Class I Director nominees possess the necessary qualifications, attributes, skills and experiences to provide quality advice and counsel to the Company's management and effectively oversee the business and the long-term interests of stockholders.	1	FOR Each Director Nominee	45
 Advisory Vote to Approve Executive Compensation The Company seeks a non-binding advisory vote to approve the compensation of its named executive officers as described in the Compensation Discussion and Analysis section beginning on page 19 and the Executive Compensation Tables section beginning on page 35. The Board values stockholders' opinions, and the Compensation Committee will take into account the outcome of the advisory vote when considering future executive compensation decisions.	2	FOR	46
 Ratification of the Appointment of Deloitte & Touche, LLP, as Independent Auditors The Audit Committee and the Board believe that the retention of Deloitte & Touche, LLP, to serve as the Independent Auditors for the fiscal year ending December 31, 2020 is in the best interest of the Company and its stockholders. As a matter of good corporate governance, stockholders are being asked to ratify the Audit Committee's selection of the Independent Auditors.	3	FOR	47

BOARD OF DIRECTORS

CLASS I DIRECTORS – NOMINATED FOR RE-ELECTION:



William M. Cook

William M. Cook, born in 1953, is the retired Executive Chairman (2015-2016) of Donaldson Company Inc., a technology-driven global company that manufactures filtration systems to remove contaminants from air and liquids. Mr. Cook is also the former Chairman (2005-2015), President and Chief Executive Officer (2004-2015) of Donaldson. Prior to that, Mr. Cook held various roles at Donaldson of increasing responsibility, including service as Senior Vice President, International (2000-2004); Chief Financial Officer (2001-2004); and Senior Vice

President, Commercial and Industrial (1994-2000). Mr. Cook is also currently a Director of IDEX Corporation (where he serves as Lead Director and also on the Audit Committee) and was a director of Valspar Corporation (where he served on the Audit Committee) from 2010 to 2017. Mr. Cook brings to the Neenah Board his filtration industry and operations experience and financial expertise for the past 35 years at Donaldson where he held a wide range of financial and business positions with global responsibilities. Mr. Cook is an experienced public company Board member having served on the Donaldson Board from 2004-2016 and as an independent director for IDEX and Valspar. Mr. Cook also has valuable Board experience from his past service to various private and charitable organizations. Mr. Cook has served as a director of Neenah since 2016. Mr. Cook holds a BS degree in Business Management and an MBA degree from Virginia Tech. Mr. Cook's educational background, financial expertise, and extensive experience in the filtration industry make him an effective member of Neenah's Board.

Age
66

Director Since
2016

Committees
Audit Committee

Public Directorship Experience
Donaldson Company Inc.
IDEX Corporation
Valspar Corporation

Independent
Yes



Philip C. Moore

Philip C. Moore, born in 1953, retired as Senior Vice President, Deputy General Counsel and Corporate Secretary of TD Bank Group, Toronto, Canada on December 31, 2016. Mr. Moore joined TD Bank Group in May 2013, prior to which he had been a partner at McCarthy Tétrault LLP, Canada's national law firm where he practiced corporate and securities law in Toronto and Sydney, Australia, with particular emphasis on corporate governance, finance, mergers and acquisitions, and other business law issues. He has been involved in many corporate mergers, acquisitions, dispositions,

and reorganizations, as well as capital markets transactions in a variety of industries and geographies. Mr. Moore has extensive experience in corporate transactions involving the pulp and paper industries. Mr. Moore has been awarded the designation "Chartered Director" from the Directors College, Canada's leading director education program run by McMaster University and the Conference Board of Canada. He has advised on the design and implementation of numerous executive compensation plans, as well as on executive compensation governance matters. From 1994 until 2000, he was a director of Imax Corporation and is currently a director of a number of private corporations. Mr. Moore has served as a director of Neenah since 2004. Mr. Moore received his BA from McMaster University and his LLB from Queen's University. Mr. Moore's educational background and extensive experience in corporate governance and business law make him an effective member of Neenah's Board.

Age
66

Director Since
2004

Committees
Audit Committee
Nominating and Corporate Governance Committee

Public Directorship Experience
Imax Corporation

Independent
Yes



Julie A. Schertell

Julie A. Schertell, born in 1969, is Senior Vice President and Chief Operating Officer of the Company. Ms. Schertell has been in this role since January 1, 2020. Prior to this role, Ms. Schertell was the President of Technical Products from September 2018 to December 2019, and President of Fine Paper & Packaging, from January 2011 to September 2018. Ms. Schertell joined the Company in 2008 and served as Vice President of Sales and Marketing for the Fine Paper division through December 2010. Ms. Schertell was employed by Georgia-Pacific Corporation in the Consumer Products

Retail division, where she served as Vice President of Sales Strategy from 2007 to 2008, and as Vice President of Customer Solutions from 2003 through 2007. Ms. Schertell has served as a director of Neenah since February 5, 2020. Ms. Schertell's extensive experience in the paper and consumer products industries, and leadership positions in the Company make her an effective member of Neenah's Board.

Age

50

Director Since

2020

Committees

N/A

Public Directorship Experience

N/A

Independent

No

CLASS II DIRECTORS – TERM EXPIRING AT THE 2021 ANNUAL MEETING:



Margaret S. Dano

Margaret S. Dano, born in 1959, is the former Chairman of the Board for Superior Industries International, Inc., a leading manufacturer of aluminum road wheels for use in the automobile and light truck industry. Ms. Dano was appointed as Chairman of the Board in 2014 and served as a director for Superior from 2007 to 2017. In addition, Ms. Dano currently serves as a director of Douglas Dynamics, Inc., a manufacturer of snow and ice control equipment for the global light truck market, a position she has held since 2012, where she chairs the Governance committee and serves

on both the compensation and audit committees. From 2002 to 2005, Ms. Dano served as Vice President, Worldwide Integrated Supply Chain and Operations for Honeywell Corporation. Prior to that she served as Vice President, Worldwide Supply Chain Office Products & GM Printer Papers for Avery Dennison Corporation from 1999 to 2002 and Vice President of Corporate Manufacturing & Engineering from 1996 to 1999. Ms. Dano received a BS in mechanical engineering from Kettering University (formerly the General Motors Institute). Ms. Dano has served as a director of Neenah since 2015. Ms. Dano's senior executive experience in global manufacturing and supply chain and her public board experience and leadership with manufacturing companies make her an effective member of Neenah's Board.

Age
60

Director Since
2015

Committees
Nominating and Corporate Governance Committee
Compensation Committee

Public Directorship Experience
Superior Industries International, Inc.
Douglas Dynamics, Inc.

Independent
Yes



Stephen M. Wood, Ph.D.

Stephen M. Wood, Ph.D., born in 1946, is an Operating Partner with Snow Phipps Group LLC, an internationally diversified investment company. Prior to this he served as Chairman of the Board for FiberVisions Corporation which is a leading global manufacturer of synthetic fibers for consumer products, construction, and industrial applications. Dr. Wood was President and Chief Executive Officer of FiberVisions from 2006 to 2012. Dr. Wood was also Chairman of the Board of ESFV, a global joint Venture with JNC Corporation, a leading Japanese Chemical Company. From 2001 to 2004, Dr. Wood

served as President and Chief Executive Officer of Kraton Polymers, a specialties chemical company, and Chairman and Representative Director of JSR Kraton Elastomers, a Japanese joint venture company. Prior to this Dr. Wood was President of the Global Elastomers business of Shell Chemicals, Ltd., and a Vice President of that company. Dr. Wood was also elected International President of the International Institute of Synthetic Rubber Producers. Dr. Wood has a BSc in Chemistry and a Ph.D. in Chemical Engineering from Nottingham University, United Kingdom and is a graduate of the Institute of Chemical Engineers and a Fellow of the Institute of Directors. Dr. Wood has served as a director of Neenah since 2004. Dr. Wood's experience as the senior executive of global chemical manufacturing companies, his international and previous board experience, and his educational background make him an effective member of Neenah's Board.

Age
73

Director Since
2004

Committees
Audit Committee
Compensation Committee

Public Directorship Experience
N/A

Independent
Yes



Donna M. Costello

Donna M. Costello, born in 1973, is an experienced Finance Executive. Most recently, Ms. Costello was the Chief Financial Officer of C&D Technologies from 2016 until early 2020. Previously, Ms. Costello served as Chief Financial Officer of Sequa Corporation, a \$1.5 billion global manufacturer and service provider in the Industrial and Aerospace markets, from 2008 to 2015. Prior to being promoted to Chief Financial Officer in 2008, Ms. Costello served as Vice President and Controller of Sequa Corporation, which was a publicly traded company until its acquisition

by The Carlyle Group in 2007. From 2002 to 2005, Ms. Costello served as Vice President and Controller of Chromalloy Gas Turbine, Sequa's largest subsidiary. Ms. Costello began her career in 1995 as an auditor for Arthur Andersen and advanced through a series of assignments to become a senior audit manager in 1999. Ms. Costello received her BBA and MBA from Iona College. Ms. Costello is a certified public accountant and a member of both the American Institute of Certified Public Accountants and the New York State Society of Certified Public Accountants. Ms. Costello is also a member of the Henry Crown Fellowship Program of the Aspen Institute. Ms. Costello has served as a director of Neenah since 2019.

Age

47

Director Since

2019

Committees

Audit Committee

Public Directorship

Experience

N/A

Independent

Yes

CLASS III DIRECTORS – TERM EXPIRING AT THE 2022 ANNUAL MEETING:



Timothy S. Lucas

Timothy S. Lucas, born in 1946, was an independent financial reporting consultant with Lucas Financial Reporting from 2002 until retiring in December 2017. From 1988 to 2002, Mr. Lucas worked at the Financial Accounting Standards Board (“FASB”), where he was the Director of Research and Technical Activities, and Chairman of the FASB’s Emerging Issues Task Force. Mr. Lucas has served as a director of Neenah since 2004. Mr. Lucas received his BA in Economics and BS in Accounting from Rice University and his Master of Accounting from the Jesse H. Jones Graduate School,

Rice University. Mr. Lucas’ experience at FASB, consulting experience, and educational background make him an effective member of Neenah’s Board.

Age
73

Director Since
2004

Committees
Audit Committee
Compensation Committee

Public Directorship Experience
N/A

Independent
Yes



Tony R. Thene

Tony R. Thene, born in 1960, currently serves as director and Chief Executive Officer of Carpenter Technology Corporation, a leader in specialty alloy-based materials and process solutions. Mr. Thene began his career at Carpenter in 2013 as Chief Financial Officer and has served as a director since 2015. Prior to 2013, Mr. Thene worked at Alcoa, Inc. in various senior financial and accounting leadership positions. Mr. Thene received his BS in Accounting from Indiana State University and his MBA from the Weatherhead School of Management at Case Western Reserve University. Mr. Thene

has served as a director of Neenah since 2019. Mr. Thene’s educational background, financial expertise, and extensive experience in the specialty materials industry make him an effective member of Neenah’s Board.

Age
59

Director Since
2019

Committees
Nominating and Corporate Governance Committee

Public Directorship Experience
Carpenter Technology Corporation

Independent
Yes

DIRECTORS RETIRING EFFECTIVE AS OF THE 2020 ANNUAL MEETING:



John P. O'Donnell

John P. O'Donnell, born in 1960, is President and Chief Executive Officer of Neenah and previously served as Chief Operating Officer from 2010 to 2011 and President, Fine Paper from 2007 to 2010. Prior to joining Neenah in 2007, Mr. O'Donnell was with Georgia Pacific Corporation since 1985 and held increasingly senior management positions in the Consumer Products division. Mr. O'Donnell served as President of the North American Retail Business from 2004 through 2007 and as President of the North American Commercial Tissue business from 2002 through 2004.

Mr. O'Donnell received his BS from Iowa State University. He has served as a director of Neenah since 2010. Mr. O'Donnell has also served as a director for Clearwater Paper Corporation since April 2016.

Age
59

Director Since
2010

Committees
N/A

Public Directorship Experience
Clearwater Paper Corporation

Independent
No

DIRECTOR SKILLS SUMMARY

Our Board of Directors possesses diverse experience and perspectives in various areas critical to our business. The Board's collective knowledge ensures appropriate management and risk oversight and supports our goal of creating long-term sustainable stockholder value.

	William M. Cook	Donna M. Costello	Margaret S. Dano	Timothy S. Lucas	Philip C. Moore	John P. O'Donnell	Julie A. Schertell	Tony R. Thene	Stephen M. Wood
 Senior Executive/Strategic Leadership: experience in overseeing, developing, and/or implementing business strategy for a publicly listed company or complex organization.	•	•	•	•	•	•	•	•	•
 Manufacturing/Supply Chain: experience in manufacturing and/or supply chain management.	•		•			•	•	•	•
 International: experience in international business management or transactions.	•	•	•		•	•	•	•	•
 Capital/Asset Allocation: experience in assessing and/or implementing capital and/or asset allocation decisions.	•	•	•		•	•	•	•	•
 Talent Management & Executive Compensation: experience in human resources, leadership development, talent management, and/or executive compensation issues.	•		•	•	•	•	•	•	•
 Audit/Accounting/Financial Statements: experience preparing, auditing, analyzing, or evaluating financial statements for a complex business	•	•	•	•	•	•	•	•	•
 Capital Markets/Investor Relations: capital markets experience; experience relevant to institutional investor expectations.	•	•	•		•	•	•	•	•
 Legal/Regulatory/Risk Management: experience in the management or oversight of legal, compliance and regulatory affairs, and of risk management.	•	•		•	•	•		•	•
 Other Board Experience: experience as a director of a publicly listed company or other complex organization.	•		•		•	•		•	•

MEETINGS / COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors conducts its business through meetings of the full Board and through committees of the Board, consisting of an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee, which we refer to as the Nominating Committee. The Board of Directors held four meetings in 2019. The Company's Corporate Governance Policies provide that all directors are expected to regularly attend and participate in Board and Committee meetings

and encourage the directors to attend the Company's Annual Meeting. In 2019, our directors attended 100% of the regularly scheduled meetings of the Board and of the committees of which he or she is a member. All of the Company's directors were in attendance at the 2019 Annual Meeting. Neenah holds regularly scheduled executive sessions of the independent directors at each Board meeting. As Chair of the Board, Mr. Cook presides at all of the executive sessions.

AUDIT COMMITTEE

The Audit Committee is comprised solely of directors who meet the independence requirements of the New York Stock Exchange ("NYSE") and the Securities Exchange Act of 1934, as amended ("Exchange Act"), and are financially literate, as required by NYSE rules. At least one member of the Audit Committee is an audit committee financial expert, as defined by the rules and regulations of the Securities and Exchange Commission ("SEC"). The Audit Committee has been established in accordance with applicable rules promulgated by the NYSE and the SEC. The Audit Committee assists the Board in monitoring:

- the quality and integrity of our financial statements;
- our compliance with ethical policies contained in our Code of Business Conduct and Ethics, and legal and regulatory requirements;
- the independence, qualification and performance of our registered public accounting firm;
- the performance of our internal auditors; and related party transactions.

The Audit Committee is governed by the Audit Committee Charter approved by the Board. The charter is available on our website at www.neenah.com.

COMMITTEE AND MEMBERS

Timothy S. Lucas, Chair

Stephen M. Wood
William M. Cook
Philip C. Moore
Donna M. Costello

Number of Meetings

8

> All members are independent

> All members are financially literate under NYSE standards

> The Board has determined that Messrs. Lucas and Cook and Ms. Costello are audit committee financial experts within the meaning of the SEC's rules.

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

The Nominating Committee is comprised solely of directors who meet the NYSE independence requirements. The Nominating Committee:

- oversees the process by which individuals are nominated to our Board;
- reviews the qualifications, performance, and independence of members of our Board;
- reviews and recommends policies with respect to composition, organization, processes and, practices of our Board, including diversity; and
- identifies and investigates emerging corporate governance issues and trends that may affect us.

The Nominating Committee is governed by the Nominating and Corporate Governance Committee Charter approved by the Board. The charter is available on our website at www.neenah.com.

COMMITTEE AND MEMBERS

Margaret S. Dano, Chair

Philip C. Moore
Tony R. Thene

Number of Meetings

4

> All members are independent

COMPENSATION COMMITTEE

The Compensation Committee is comprised solely of directors who meet NYSE independence requirements, meet the requirements for a “non-employee director” under the Exchange Act, meet the requirements of Rule 10C-1 under the Exchange Act, and meet the requirements for an “outside director” under Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”). The Compensation Committee:

- reviews and approves corporate goals and objectives relevant to the compensation of our Chief Executive Officer and sets such compensation;
- approves, in consultation with our Chief Executive Officer, the compensation of our officers who are elected by our Board;
- makes recommendations to our Board with respect to our equity-based plans and executive incentive compensation plans; and
- reviews with management and approves awards under our long-term incentive compensation plans and equity-based plans.

The Compensation Committee is governed by the Compensation Committee Charter approved by the Board. The charter is available on our website at www.neenah.com.

Additional information regarding the Compensation Committee’s processes and procedures for consideration of executive compensation is provided in the “Compensation Discussion and Analysis” below.

COMMITTEE AND MEMBERS

Stephen M. Wood, Chair

Timothy S. Lucas

Margaret S. Dano

Number of Meetings

5

> All members are independent

CORPORATE GOVERNANCE

Board Leadership

The Board selects from among its members the Chair of the Board.

The Board also elects the Chief Executive Officer of the Company. The current Board Leadership is as follows:



Chairman of the Board
William M. Cook



Chief Executive Officer
John P. O'Donnell



Chief Executive Officer-elect
Julie A. Schertell

On February 5, 2020, Mr. O'Donnell delivered notice to the Board of his intent to retire from his position as Chief Executive Officer effective as of May 21, 2020 and to not stand for re-election as a member of the Board at the Company's 2020 Annual Meeting. In connection with Mr. O'Donnell's planned retirement, the Board unanimously approved the appointment of Ms. Schertell as a member of the Board, effective as of February 5, 2020, and Chief Executive Officer, effective as of the 2020 Annual Meeting.

The Board believes at this time that it is appropriate for Ms. Schertell to serve as a member of the Board prior to assuming the role as Chief Executive Officer and to continue serving as a member of the Board after Mr. O'Donnell's retirement. Ms. Schertell's position as both Chief Executive Officer and director provides a continuity of leadership between the senior executive team and the Board and enhances the corporate governance environment of the Board.

Independent Directors

Our Amended and Restated Bylaws provide that a majority of the directors on our Board shall be independent and currently seven out of the nine directors are independent. Immediately following the 2020 Annual Meeting, seven out of the eight directors will be independent. In addition, the Corporate Governance Policies adopted by the Board, described further below, provide for independence standards consistent with NYSE listing standards. Generally, a director does not qualify as an independent director if the director (or in some cases, members of the director's immediate family) has, or in the past three years has had, certain material relationships or affiliations with the Company, its external or internal auditors, or other companies that do business with the Company. Having seven out of eight independent directors provides Neenah with a sufficient level of oversight, governance and independence without unduly limiting the senior executives from acting in the best interest of the Company and its stockholders.

In evaluating the independence of our independent directors, the Board also considered whether any of the independent

directors had any material relationships with Neenah and concluded that no such material relationship existed that would impair their independence (see "Approval of Related Party Transactions" below). In making this determination, the Board relied both on information provided by our directors as well as information developed internally by Neenah. As is currently the case, immediately after the election of the nominees to the Board of Directors, a majority of all directors holding office will be independent directors. The Nominating Committee and the Board have affirmatively determined that seven of the Company's nine directors do not have any relationship that would interfere with the exercise of independent judgment in carrying out their responsibilities as directors and are independent in accordance with NYSE listing standards, rules and regulations and our Corporate Governance Policies. Immediately following the 2020 Annual Meeting, Neenah's independent directors will be Margaret S. Dano, Stephen M. Wood, Timothy S. Lucas, Philip C. Moore, Tony R. Thene, William M. Cook and Donna M. Costello.

Nomination of Directors

The Board of Directors is responsible for approving candidates for Board membership. The Board has delegated the screening and recruitment process to the Nominating Committee, in consultation with the Chair of the Board and Chief Executive Officer. More specifically, our Nominating Committee has adopted, and the Board has ratified, the "Neenah, Inc. Policy Regarding Qualification and Nomination of Director Candidates."

The Nominating Committee seeks to create a Board that is strong in its collective knowledge and diversity of skills and experience with respect to, accounting and finance, management and leadership, vision and strategy, business operations, business judgment, crisis management, risk assessment, industry knowledge, corporate governance, education, background and global markets.

Qualified candidates for director are those who, in the judgment of the Nominating Committee, possess all of the

following personal attributes and a sufficient mix of the following experience attributes to assure effective service on the Board. Personal attributes of a Board candidate considered by the Nominating Committee include: leadership, ethical nature, contributing nature, independence, interpersonal skills, effectiveness, currency of work history and diversity. Experience attributes of a Board candidate considered by the Nominating Committee include: financial acumen, general business experience, industry knowledge, diversity of view-points, special business experience, and expertise. When the Nominating Committee reviews a potential new candidate, the Nominating Committee looks specifically at the candidate's qualifications in light of the needs of the Board and our company at that time, given the then current mix of director attributes.

The Nominating Committee seeks to develop a diverse Board that is representative of our customer, employee and investor base. Our Board currently includes individuals of differing ages and genders. While the Nominating Committee carefully considers diversity when identifying potential director candidates, the Nominating Committee has not established a formal policy regarding diversity.

The Nominating Committee utilizes a variety of methods for identifying and evaluating nominees for director. The Nominating Committee periodically assesses the appropriate size of the Board and whether any vacancies on the Board are expected. In the event that vacancies are anticipated or otherwise arise, the Nominating Committee will seek to identify director candidates based on input provided by a number of sources, including: (i) Nominating Committee members; (ii) other directors of Neenah; (iii) management of Neenah; and (iv) stockholders of Neenah. The Nominating Committee also has the authority to consult with or retain advisors or search firms to assist in the identification of qualified director candidates.

The Nominating Committee will consider nominees recommended by stockholders as candidates for election to the Board. A stockholder wishing to nominate a candidate for election to the Board at the Annual Meeting is required to give written notice to the Secretary of Neenah of his or her intention to make a nomination. Pursuant to our Amended and Restated Bylaws, the notice of nomination must be received by Neenah not less than 50 calendar days nor more than 75 calendar days prior to the Annual Meeting, or if Neenah gives less than 60 calendar days' notice of the meeting date, the notice of nomination must be received no later than the close of business on the 10th calendar day following the day on which the Annual Meeting date is announced.

To recommend a nominee, a stockholder should write to Noah S. Benz, Senior Vice President, General Counsel and Secretary of Neenah, at 3460 Preston Ridge Road, Preston Ridge III, Suite 600, Alpharetta, Georgia 30005.

Any such recommendation must include:

- the name and address of the stockholder and a representation that the stockholder is a holder of record of shares of our common stock;
- a brief biographical description for the nominee, including his or her name, age, business and residence addresses, occupation for at least the last five years, and a statement of the qualifications of the candidate, taking into account the requirements set forth above;
- a description of all arrangements or understandings between the stockholder and each nominee;
- such other information regarding the nominee as would be required to be included in a proxy statement filed pursuant to the proxy rules of the SEC; and
- the nominee's consent to serve as a director if elected.

Once director candidates have been identified, the Nominating Committee will then evaluate each candidate in light of his or her qualifications and credentials and any additional factors that the Nominating Committee deems necessary or appropriate, including those set forth above. Qualified prospective candidates will be interviewed by the Chair of the Board, the Chief Executive Officer and at least one member of the Nominating Committee. The full Board will be kept informed of the candidate's progress. Using input from such interviews and other information obtained by the Nominating Committee, the Nominating Committee will evaluate whether a prospective candidate is qualified to serve as a director and, if so qualified, will seek full Board approval of the nomination of the candidate or the election of such candidate to fill a vacancy on the Board.

Existing directors who are being considered for re-nomination will be re-evaluated by the Nominating Committee based on each director's satisfaction of the qualifications described above and his or her performance as a director during the preceding year. All candidates submitted by stockholders will be evaluated in the same manner as candidates recommended from other sources, provided that the procedures set forth above have been followed. All of the current nominees for director are current members of the Board. Based on the Nominating Committee's evaluation of each nominee's satisfaction of the qualifications described above, the Nominating Committee determined to recommend the two directors for re-election. The Nominating Committee has not received any nominations from stockholders for the Annual Meeting.

Corporate Governance Policies

We have adopted the Neenah, Inc. Corporate Governance Policies that guide the Company and the Board on matters of corporate governance, including director responsibilities, Board committees and their charters, director independence, director qualifications, director evaluations, director orientation and education, director access to management, Board access to independent advisors, and management development and succession planning. Copies of the

Corporate Governance Policies are available on our website at www.neenah.com on the “Investor Relations” page under the tab “Corporate Governance—Governance Policies and Documents”.

Code of Business Conduct and Ethics

We have adopted the Neenah, Inc. Code of Business Conduct and Ethics, which applies to all of our directors, officers and employees. The Code of Business Conduct and Ethics meets the requirements of a “code of ethics” as defined by SEC rules and regulations. The Code of Business Conduct and Ethics also meets the requirements of a code of conduct under NYSE listing standards. The Code of Business Conduct and Ethics is available on our website at www.neenah.com on the “Investor Relations” page under the tab “Corporate Governance—Governance Policies and Documents”.

Human Rights Policy

We have adopted the Neenah, Inc. Human Rights Policy applicable to all stakeholders. The Human Rights Policy sets forth Neenah’s commitment to promote human rights in accordance with the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights to ensure that all people are treated with dignity and respect. The Human Rights Policy is available on our website at www.neenah.com on the “Investor Relations” page under the tab “Corporate Governance—Governance Policies and Documents”.

Environmental Policy

We have adopted the Neenah, Inc. Environmental Policy applicable to all stakeholders. The Environmental Policy sets forth Neenah’s commitment to stewardship and sustainability of our natural resources. The Environmental Policy is available on our website at www.neenah.com on the “Investor Relations” page under the tab “Corporate Governance—Governance Policies and Documents”.

Corporate Sustainability Report

We have published a Corporate Sustainability Report describing how environmental and social consideration, and related financial impacts, are integrated into Neenah’s long-term strategy. The Corporate Sustainability Report is available on our website at www.neenah.com on the “Investors Relations” page.

Risk Oversight

The Board participates in risk oversight through the Company’s Enterprise Risk Evaluation conducted by our Chief Financial Officer and General Counsel, in conjunction with the Company’s senior management team, and holds management accountable for the maintenance of high ethical standards and effective policies and practices to protect the Company’s assets and enhance the Company’s culture. Annual findings are reported to the Audit Committee pursuant to the requirements of its charter and the full Board reviews an annual report of the

findings as required by our Corporate Governance Policies. In addition, the Board has the opportunity to address developing risks at each Board meeting in connection with its regular review of significant safety, business and financial developments. The Company’s senior management team assists the Board in identifying and analyzing significant emerging issues that may impact the company’s overall strategy, global business continuity and financial results.

The Board believes the processes described above provide for the orderly escalation of developing issues and helps the Board satisfy its risk oversight responsibilities.

Communications with the Board of Directors

We have established a process for interested parties to communicate with members of the Board, including non-management members of the Board. If you have any concern, question or complaint regarding any accounting, auditing or internal controls matter, or any issue with regard to our Code of Business Conduct and Ethics or other matters that you wish to communicate to our Board or non-management directors, send these matters in writing to c/o General Counsel, Neenah, Inc., Preston Ridge III, 3460 Preston Ridge Road, Suite 600, Alpharetta, Georgia 30005. Information about our Board communications policy and procedures for processing Board communications for all interested parties can be found on our website at www.neenah.com on the “Investor Relations” page under the tab “Corporate Governance—Governance Policies and Documents”.

Approval of Related Party Transactions

The charter of the Audit Committee requires that the Audit Committee review and approve any transactions that would require disclosure under SEC rules and regulations. To help identify related party transactions and relationships, each director and NEO, as such term is defined in the “Compensation Discussion and Analysis” section of this Proxy Statement, completes a questionnaire on an annual basis that requires the disclosure of any transaction or relationship that the person, or any member of his or her immediate family, has or will have with the Company or its subsidiaries. Additionally, the Company’s Code of Business Conduct and Ethics prohibits related party transactions and requires that any employee with knowledge of such a transaction provide written notice of the relationship or transaction to the Company’s General Counsel. Neither Neenah nor the Board is aware of any matter in 2019 that required the review and approval of the Audit Committee in accordance with the terms of the charter.

Stockholder Rights Plan

The Company’s Stockholder Rights Agreement expired on November 30, 2014. The Company subsequently decided not to put a new plan in place. We will continue to evaluate the need for such a plan in the future as such need may arise.

2019 DIRECTOR COMPENSATION

The Compensation Committee has responsibility for evaluating and making recommendations to the Board of Directors regarding compensation for our non-employee directors.

Each of our directors (who are not employees) receives the following compensation:

Item	Amount
Annual cash retainer	\$60,000
Additional cash retainers for Committee and Board Chairs:	
• Board Chair	\$40,000
• Audit Committee Chair	\$30,000
• Compensation Committee Chair	\$30,000
• Nominating Committee Chair	\$17,500
Additional cash retainers for Committee Members:	
• Audit Committee Members and Chair	\$9,000
• Compensation Committee Members and Chair	\$7,000
• Nominating Committee Members and Chair	\$5,000
Annual value of equity grant	\$100,000*

*Annual equity grant paid in restricted stock units subject to a one-year vesting period

Neenah's director compensation program is intended to align with market level compensation to attract, motivate, and retain high-performing and diverse quality director talent. Neenah conducts a biennial director pay study to ensure alignment with market level compensation, the latest of which was undertaken in 2017 and resulted in an adjustment to better align with the market and evolving director work load as shown in the table above. In 2019, each director received a total of 1,676 RSUs. The number of RSUs granted to non-employee directors is calculated annually by dividing the total value of the equity grant by the grant date fair value of the Company's stock on the day of the grant in the same manner as used to calculate grants for Company employees under the Long-Term Compensation Plan ("LTCP"). The RSUs become fully vested and convert to shares of our common stock on the first anniversary of the date of grant. Employee directors receive no additional compensation and no prerequisites for serving on our Board.

Neenah also established the Neenah Paper Directors' Deferred Compensation Plan (the "Directors' Deferred Compensation Plan"), which enables each of our non-employee U.S. directors to defer a portion of their cash compensation and RSU awards. In 2019, Dr. Wood participated in the Directors' Deferred Compensation Plan.

Each of our non-employee directors is required to own Company stock equal to four times their annual cash retainer. The valuation of restricted stock and options owned by our directors is calculated pursuant to the same guidelines detailed in this Proxy Statement for our named executive officers. All of our non-employee directors met or exceeded the guidelines as of December 31, 2019. Mr. Thene and Ms. Costello were appointed to the Board of Directors on February 1, 2019 and November 1, 2019, respectively, and each has five years in order to meet the stock ownership requirements.

The following table shows the total compensation paid to each of our non-employee directors in 2019.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) (1)	Total (\$)
Sean T. Erwin(2)	41,667	–	41,667
William M. Cook	91,500	100,000	191,500
Donna M. Costello(3)	11,500	–	11,500
Margaret S. Dano	79,500	100,000	179,500
Timothy S. Lucas	106,000	100,000	206,000
John F. McGovern(4)	37,292	–	37,292
Philip C. Moore	74,000	100,000	174,000
Stephen M. Wood(5)	–	–	–
Tony R. Thene	48,667	100,000	148,667

(1) Amounts reported in this column represent the grant date fair value of the 2019 RSU award granted to each director, calculated in accordance with Financial Accounting Standards Board Statement ASC Topic 718 (“ASC 718”). Due to restrictions imposed by Canadian law, Mr. Moore is not able to receive a quarterly cash dividend on his RSUs. In lieu of receiving such dividends, Mr. Moore is granted additional shares of common stock on the date of each dividend payment and in value to the cash dividend that he would have received. Mr. Moore received 43 of these common shares in 2019.

(2) Mr. Erwin did not stand for re-election as a Class III director at the 2019 Annual Meeting.

(3) Ms. Costello was appointed to the Board of Directors on November 1, 2019.

(4) Mr. McGovern did not stand for re-election as a Class III director at the 2019 Annual Meeting.

(5) Dr. Wood deferred his 2019 compensation under the Directors’ Deferred Compensation Plan.

COMPENSATION DISCUSSION AND ANALYSIS

The following section presents an analysis, summary, and overview of our compensation policies and programs, including material decisions made under those policies and programs in setting the compensation levels for 2019 for our named executive officers (each a “NEO”). Decisions made concerning the total compensation package for our NEOs take into consideration the individual executive’s level of responsibility within Neenah, the performance of Neenah relative to internal targets and peer companies, and the

creation of long-term stockholder value. We strive to achieve a balanced and competitive compensation package through a mix of base salary, performance-based cash bonuses, long-term equity-based incentives and awards, deferred compensation plans, pension plans, and welfare benefits.

Compensation Objectives and Philosophy

Neenah’s compensation policies are designed to incorporate the following attributes:

✓ INCLUDED	✗ EXCLUDED
<ul style="list-style-type: none"> Significant component of pay based on performance achievement; more senior positions have a higher percentage of performance-based pay; maximum payment limit on incentive plans Measures are based on achievement of financial targets, attainment of strategic objectives, and enhancement of stockholder value, with a clawback policy Policies validated through an independent consultant reporting to the Compensation Committee, comparison to independent peer companies & stockholder “say-on-pay” votes Strict insider trading policy for equity awards 	<ul style="list-style-type: none"> Guaranteed variable compensation and/or open-ended payments Single trigger change in control arrangements; excise tax gross-ups Re-pricing or cash buyout of underwater stock appreciation rights without stockholder approval Market timing of equity awards

2019 Key Strategic and Financial Achievements

Delivered increased margins and earnings per share.

<p>Consolidated net sales of</p> <p>\$938.5 million</p> <p>decreased 9% versus 2018.</p>	<p>Consolidated operating income of</p> <p>\$78.3 million</p> <p>increased 45% versus 2018.</p>	<p>Record free cash flow of</p> <p>\$76.2 million.</p>	<p>Earnings per diluted common share from continuing operations of</p> <p>\$3.26</p> <p>increased 50% versus 2018.</p>	<p>Continued to build presence and capabilities in targeted growth categories.</p>
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Strategic initiatives to drive future top and bottom line growth

- Managed costs and pricing to restore operating margins after a rapid run-up in input costs in 2018
- Reinvigorated our product innovation pipeline and launched a number of unique new products
- Changed a major fine paper distributor to others who are providing more support for our brands
- Implemented a new, functionally-aligned organization to help accelerate value creation globally between all our businesses
- Published a new Corporate Sustainability Report, highlighting our commitment and accomplishments to environmental, social and governance issues
- Implemented a new operating system at our two largest plants, helping to drive safety and cost improvements

Deployed cash in a disciplined fashion to maintain a strong Return on Capital and provide attractive direct returns of cash to stockholders

- Free cash flow of \$76.2 million was used to reduce debt and return cash to shareholders. Increased the dividend by 10% in 2019
- Maintained a Return on Investment in excess of our cost of capital
- Credit ratings and metrics remained strong, providing liquidity and ample capacity to pursue attractive opportunities
- Our Total Stockholder Return ("TSR") in 2019 was 22.8% and over the past ten years, Neenah's TSR was 3rd highest of the 14 companies in our peer group and more than three times the return of the Russell 2000

Following this section under the heading "Additional Executive Compensation Information" we have included certain tables where you will find detailed compensation information for each of our NEOs. This section is intended to provide additional details regarding Neenah's compensation practices, as well as the information and process used to create and implement our compensation program for our NEOs and other executive officers.

Named Executive Officers

John P. O'Donnell

President and Chief Executive Officer

Bonnie C. Lind

Senior Vice President, Chief Financial Officer and Treasurer

Julie A. Schertell

Senior Vice President, Chief Operating Officer

Byron J. Racki, Senior Vice President

Senior Vice President, Sales & Marketing

Matthew L. Duncan

Senior Vice President, Chief Human Resources Officer

On January 14, 2020, Mr. Duncan announced his resignation as Senior Vice President, Chief Human Resources Officer, effective as of February 1, 2020.

Our Compensation-Setting Process:

Role of Compensation Committee

The Compensation Committee is responsible for carrying out the Board's responsibilities for determining the compensation for our NEOs. In that capacity, the Compensation Committee (1) annually reviews and approves the corporate goals and objectives relating to our executive compensation programs, (2) evaluates performance against those goals and objectives, and (3) approves the compensation payable to our NEOs.

The Role of Stockholder Say-on-Pay Votes

The Company provides its stockholders with the opportunity to cast an annual advisory vote on executive compensation. At the Company's annual meeting of stockholders held on May 22, 2019, greater than 98% of the votes cast on the say-on-pay proposal were voted in favor of the proposal. The Compensation Committee considered these results and believes the voting results reflect strong stockholder support for the Company's approach to executive compensation. The Compensation Committee will continue to consider the outcome of the Company's say-on-pay proposal votes in order to help understand the environment for future executive compensation practices.

Use of Compensation Consultants

The Compensation Committee charter grants the Committee authority to independently retain compensation consultants, and in 2019 the Committee again engaged Hugessen Consulting, Inc. ("Hugessen") to provide the Committee with independent advice and assistance in its deliberations regarding compensation matters. At the Committee's request, Hugessen originated certain analyses, reviewed the information provided by management, and assisted the Committee in assessing 2019 compensation for Neenah's NEOs. In addition, Hugessen provided input to assist the Committee in establishing the 2019 targeted compensation levels and performance criteria under the Company's incentive plans.

The Compensation Committee must pre-approve any additional work of a material nature assigned to its consultant and will not approve any such work that, in its view, could compromise Hugessen's independence as advisor to the Committee. Hugessen does not provide any other services to Neenah. Decisions made by the Committee are the responsibility of the Committee and reflect factors and considerations in addition to the information and recommendations provided by Hugessen. In 2019, the Compensation Committee, in accordance with SEC rules, considered the independence factors having to do with consultant conflicts of interest and determined that the work of Hugessen did not raise any conflicts of interest.

In addition, in 2019 the Company retained Aon Hewitt, Inc. ("Aon") to advise management on developments relating to executive compensation in general and provide support to management and the Compensation Committee in their ongoing analysis and assessment of the effectiveness of Neenah's compensation policies and programs. Aon also assisted in the preparation and review of materials prepared by management related to benchmarking and plan designs.

Role of Executive Officers

At the request of the Compensation Committee, our President and Chief Executive Officer, along with our Senior Vice President and Chief Human Resources Officer after extensive market research, make recommendations to our Compensation Committee regarding base salary and target levels for our annual performance bonuses and long-term equity compensation for our executive officers. These recommendations are based on the philosophy and analysis described in this "Compensation Discussion and Analysis" section of this Proxy Statement. Neither Mr. O'Donnell nor Ms. Schertell are involved in setting or approving his or her own compensation levels.

Peer Comparison

To assist in evaluating and determining levels of compensation in 2018 for each element of pay, the Compensation Committee reviewed various sources of data prepared by management including:

Proxy data collected and analyzed from a peer group of companies in the paper, printing and specialty chemical industries and similar in size to Neenah (the "Peer Group"). In 2019, the Compensation Committee conducted a thorough review of the companies in the Peer Group. The Committee reviewed and discussed the companies presented for consideration, including (i) industry, (ii) revenue size, (iii) market cap, and (iv) total enterprise value, and unanimously selected the following companies:

- Clearwater Paper Corporation
- Ferro Corporation
- Innophos Holdings, Inc.
- Innospec, Inc.
- Kraton Corporation
- Lydall, Inc.
- Multi-Color Corporation
- Myers Industries, Inc.
- Omnova Solutions, Inc.
- P.H. Glatfelter Company
- Quaker Chemical Corporation
- Rayonier Advanced Materials, Inc.
- Rogers Corporation
- Schweitzer-Mauduit International, Inc.
- Stepan Company

Data collected from Aon's database using a broad industry cut of manufacturing companies with approximate revenues between \$500 million and \$2.0 billion.

To develop market figures, compensation opportunities for the NEOs were compared to the compensation opportunities for similarly situated executives in comparable positions. Hugessen reviewed the results of these analyses and provided

feedback to the Compensation Committee in connection with their review of competitive pay practices.

Neenah's management and the Compensation Committee do not believe that it is appropriate to establish compensation levels based solely on peer comparisons or benchmarking; however, marketplace information is one of the many factors that we consider in assessing the reasonableness of compensation. Management and the Compensation Committee believe that information regarding pay practices at other companies is useful to confirm that our compensation practices are competitive in the marketplace.

Targeted Compensation Levels

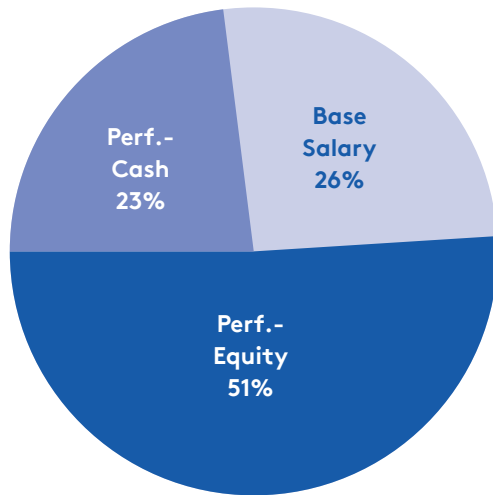
The Compensation Committee establishes targeted total compensation levels based upon performance objectives for our executive officers eligible to receive an annual cash bonus opportunity under the Management Incentive Plan ("MIP") and equity awards under the LTCP as authorized by the Amended and Restated Neenah, Inc. 2018 Omnibus Stock and Incentive Compensation Plan (the "2018 Omnibus Plan"). In making these determinations, the Committee is guided by the compensation philosophy described below. The Committee also considers historical compensation levels, pay practices at companies in the Peer Group and the relative compensation among Neenah's senior executive officers. The Committee also considers industry conditions, corporate performance versus peer companies, and the overall effectiveness of Neenah's compensation program in achieving desired performance levels.

As targeted total compensation levels are determined, the Compensation Committee also determines the portion of total compensation that will be contingent, performance-based pay. Performance-based pay includes cash awards under our MIP program and equity awards under our LTCP, which may be earned based on the Company's achievement of performance goals. The value of the LTCP award largely depends upon long-term appreciation in the Company's stock price.

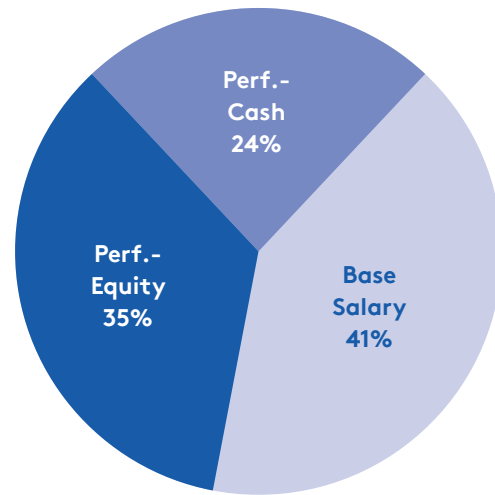
Neenah’s compensation philosophy is intended to provide competitive pay within the relevant market by targeting the total compensation opportunities and to reward executives for short-term and long-term performance through an overall compensation mix that is targeted to include a

minimum of 50% performance-based compensation for our NEOs. In 2019, our Chief Executive Officer’s compensation was approximately 74% performance-based at target levels and our other NEOs compensation was approximately 59% performance-based at target levels.

CEO @ Target



Other NEOs @Target



Compensation Components

Our executive compensation includes the base components described below, each of which is designed to accomplish specific goals of our compensation philosophy described above. In connection with our discussion of each of such base components, the following questions will be addressed:

- Why Neenah chooses to pay each of the base components;
- How Neenah determines the amount of the various base components;
- How each component fits into Neenah’s overall compensation plan and supports Neenah’s compensation philosophy.

Base Salary

Base salary is a critical element of executive compensation because it provides our executives with a defined level of monthly income and also sets the base level for performance compensation. Individual base salaries for our NEOs are generally reviewed by comparing total compensation opportunities within the Peer Group as discussed above. Salary increases, if any, are reviewed and approved by the Compensation Committee on an annual basis. Factors considered in base salary increases include the Company’s performance over the past year, changes in individual executive responsibility, the position of base salary together with all other compensation as indicated by our analysis of the Peer Group, and market data provided by Aon when peer data was not available.

This approach to base salary supports our compensation philosophy. The Compensation Committee has determined that setting NEO base salaries in this manner allows Neenah to be competitive in attracting and retaining talent, while at the same time, aligning the executive’s and stockholders’ interest as a majority of the executive’s overall compensation is performance-based.

2019 Base Salary Decisions

In January 2019, after discussing the individual performance, experience, scope of responsibilities, and Mr. O'Donnell's recommendations for the other NEOs, the Compensation Committee established the base salaries for each NEO. In general, any increases in base pay are intended to be

competitive with the market and take into consideration the individual performance and scope of responsibilities of each NEO. Taking into account all of these factors and a comparison relative to peers, the Committee approved the adjustments shown below to further align NEO base salary with the market.

The following table provides the base salary of each NEO as of December 31 for each year listed:

Name	2018 Base Salary	2019 Base Salary	% Increase
John P. O'Donnell	\$830,000	\$863,000	4%
Bonnie C. Lind	\$410,000	\$435,000	6%
Julie A. Schertell	\$460,000	\$460,000	0% (1)
Byron J. Racki	\$377,000	\$377,000	0% (2)
Matthew L. Duncan	\$300,000	\$315,000	5%

(1) Ms. Schertell received a 15% base salary increase on October 1, 2018 in connection with a material change in her roles and responsibilities.

(2) Mr. Racki received a 29% base salary increase on October 1, 2018 in connection with a material change in his roles and responsibilities.

from 0-200% of the target bonus for our chief executive, legal, operations and financial officers, and 0-250% for the business unit leaders, depending on whether the Company's results fall short of, achieve, or exceed the identified performance goals.

Under the MIP, the Compensation Committee generally sets a range of possible payments from zero to a maximum percentage of the target award based on its belief that no bonus should be earned if performance is below established thresholds and its determination that the top end of the range should provide an appropriate incentive for management to achieve exceptional performance. Under the MIP, specific performance measures and thresholds are determined by the Committee in consultation with the Chief Executive Officer, based on key metrics that support the achievement of Neenah's short-term and long-term strategic objectives.

Annual Performance Bonuses

Annual cash incentive bonus opportunities are awarded under the MIP and are based on our achievement of performance goals established at the beginning of each calendar year. MIP target bonuses are established as a percentage of base salary with a target bonus ranging from 50% to 90% for each NEO. The Compensation Committee annually approves the target bonus range based on: (i) data provided from the market surveys as previously described, (ii) the experience and knowledge of the executive, and (iii) the quality and effectiveness of the executive's leadership within Neenah. The amount of the actual MIP bonus is adjusted up or down from the target bonus based on Neenah's year-end results, as may be adjusted by the Compensation Committee for non-recurring items (with year-end results measured against the objective and subjective criteria set forth in the MIP plan for the applicable year, as previously approved by the Compensation Committee). Actual MIP payments can range

Annual performance bonuses support our compensation philosophy in that they: (i) reward Neenah's executives for meeting and exceeding goals that contribute to Neenah's short-term and long-term strategic plan and growth, (ii) promote a performance-based work environment, and (iii) serve as a material financial incentive to attract and retain executive talent.

2019 Annual Performance Bonus Awards

For 2019, the Compensation Committee approved target bonuses for our NEOs as a percentage of base salary with a target bonus ranging from 50% to 90%. The performance goals for the 2019 MIP program were set based on the following performance criteria and the relative weighting set forth below: (i) adjusted corporate earnings before interest, income taxes, depreciation and amortization ("Corporate EBITDA"), which is calculated as net income

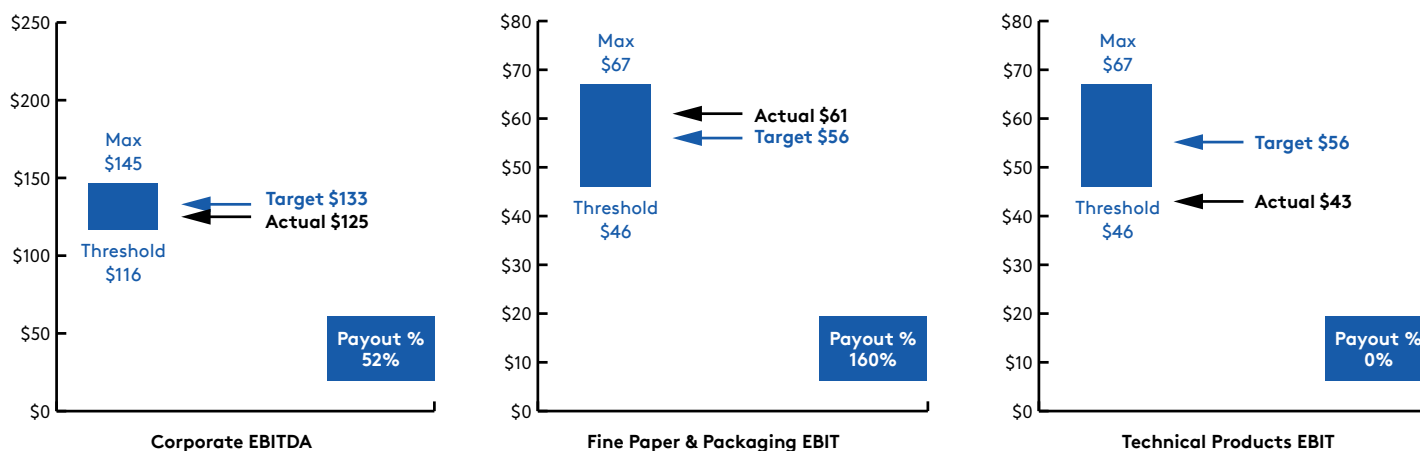
plus income tax expenses, plus depreciation expense and amortization expense for intangibles, plus amortization expense for stock options and restricted stock units adjusted for any one time events outside of the ordinary course of business, (ii) business unit earnings before interest and taxes ("EBIT") for our Fine Paper & Packaging and Technical Products business units, and (iii) progress achieved in implementing the Company's strategic plan:

Name	2019 Target MIP (% of Base Salary)	Performance Criteria		
		Corporate EBITDA	Business Unit EBIT	Strategic Initiatives
John P. O'Donnell	90%	75%	–	25%
Bonnie C. Lind	60%	75%	–	25%
Julie A. Schertell	60%	25%	50%	25%
Byron J. Racki	50%	25%	50%	25%
Matthew L. Duncan	50%	75%	–	25%

Each goal was set at levels that both the Compensation Committee and management believed to be challenging but attainable, and achievements would reflect significant performance by the Company. On a stand-alone basis, Corporate EBITDA could yield a payout from 0% at threshold,

100% at target and 200% at outstanding, and business unit EBIT could yield a payout from 0% at threshold, 100% at target and 300% at maximum, based on year-end results. These targets are consistent with our desire to incentivize and reward significant growth in profits.

The performance goals and results relative to the NEOs for each of the financial metrics in 2019 were as follows (in millions):



The strategic plan objective was paid out at 110% of target reflecting performance in achieving a set of strategic objectives considered critical for long-term growth. Results included the continued ramp-up of a major organic capital project to add filtration capacity in the U.S.,

continued product innovation and the launching of a number of unique new products, the transition of a major fine paper distributor to a more supportive distributor network, organic growth achieved in targeted categories, and other strategic initiatives.

Based on the process described above, MIP payments were awarded as follows:

Name	2019 MIP at Target	2019 MIP at Actual	% of Target Earned
John P. O'Donnell	\$776,700	\$516,506	66.5%
Bonnie C. Lind	\$261,000	\$173,565	66.5%
Julie A. Schertell	\$276,000	\$111,780	40.5%
Byron J. Racki	\$188,500	\$227,143	120.5%
Matthew L. Duncan	\$157,500	\$104,738	66.5%

Long-Term Equity Compensation

Long-term equity incentives under the 2019 LTCP consist of performance share units ("PSUs") and restricted stock units ("RSUs") granted on an annual basis, with RSUs representing approximately 30% of the total value of the equity incentive awards and PSUs representing approximately 70% of the total value of the equity award granted to an executive officer for 2019. This reflects the Company's desire to emphasize the performance-based incentives in the LTCP. The total target LTCP grants are set at the beginning of the year for each NEO with the 2019 LTCP grants ranging from 75% to 200% of the executive's base salary. The Company typically grants 100% of the RSUs in conjunction with the first Board meeting of each fiscal year. Each year the Compensation Committee reviews and approves a target number of PSUs for each of our NEOs and each other participant in the LTCP plan. The number of units actually earned by each participant is determined by the Company's performance during the applicable performance period. The range of possible awards is set by the Committee based on its: (i) belief that a minimal

award should be granted if the performance measures are significantly below target levels; and (ii) determination that the top end of the range provided an appropriate incentive for management to achieve exceptional performance.

The combination of RSUs and PSUs focuses our executives on Neenah's financial performance and increasing stockholder value. It is aligned with and supports our stock ownership policy and helps retain employees for the duration of the performance periods and vesting periods.

The Compensation Committee regularly reviews the Company's LTCP to identify opportunities to further align executive compensation with long-term stockholder value. In 2020, and in consultation with the compensation consultant, the Compensation Committee approved changes to the 2020 LTCP to remove the one-year performance period component of the PSU award, with 100% of the PSUs being subject to a three-year performance period ending on December 31, 2022.

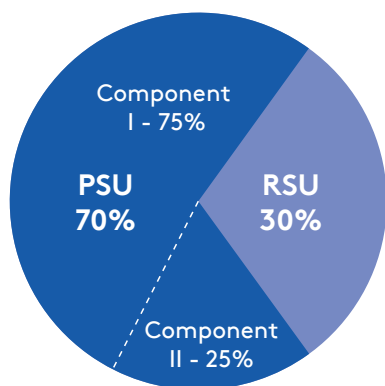
2019 LTCP Awards

For 2019, the Compensation Committee, consistent with our compensation philosophy, approved equity grants under the LTCP for our NEOs with target values ranging from 75% to 200% of base salary as follows:

The process described above resulted in grants of RSUs in 2019 as follows:

Name	2019 LTCP (% of Base Salary)	2019 RSUs
John P. O'Donnell	200	7,483
Bonnie C. Lind	100	1,886
Julie A. Schertell	90	1,795
Byron J. Racki	75	1,226
Matthew L. Duncan	75	1,024

For each of our NEOs, the value was divided into awards of RSUs and a target number of PSUs, with 70% of the value in PSUs and 30% of the value in RSUs. The range of possible awards under the LTCP was selected to tie a substantial percentage of each NEOs compensation to Neenah's performance.



The number of RSUs to be awarded to each NEO in 2019 was determined by dividing the value of the portion of the LTCP award to be awarded as RSUs (determined by the Compensation Committee as described above) by the grant date fair value of the Company's stock on the day of the grant, and then rounded to the nearest share to produce the number of shares subject to the applicable RSU award. Each grant of RSUs made in 2019 vests in increments of 33.34%, 33.33% and 33.33% over a three-year period, with vesting occurring on December 31, 2019, December 31, 2020 and December 31, 2021

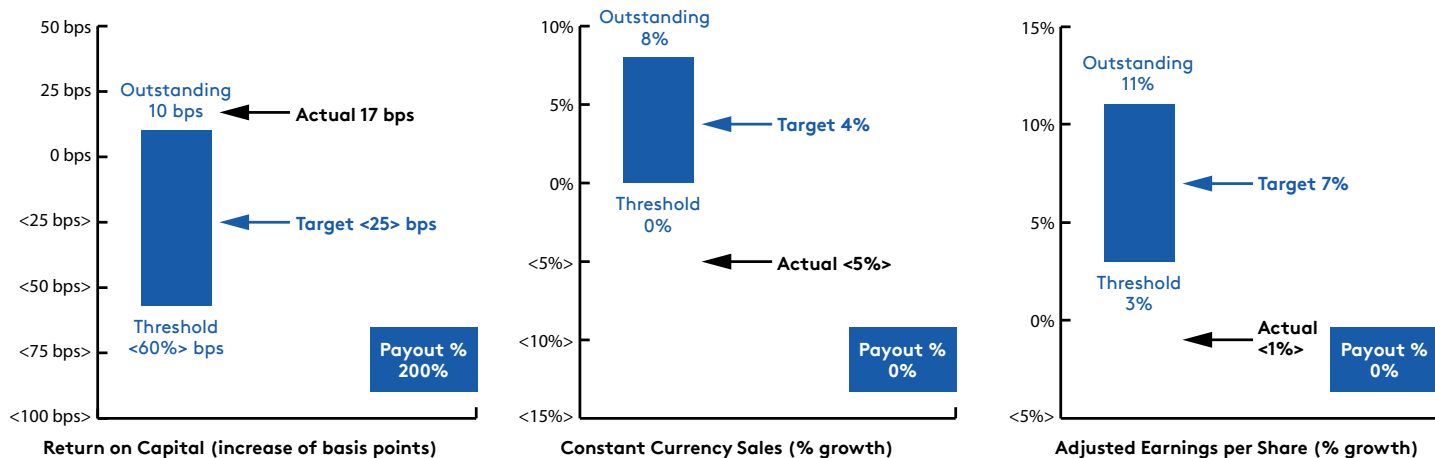
In 2017, the Compensation Committee approved an amendment to the PSU portion of the LTCP program to incorporate a three-year performance period for 25% of the total PSU award, further aligning senior management of the Company with long-term stockholder interests. The remaining 75% of the PSU award retains a one-year performance period to focus on and reward annual growth in sales, earnings per share, and return on invested capital. The target number of PSUs to be awarded to each NEO in 2019 was determined by the value of the portion of the LTCP award to be awarded as PSUs (determined by the Compensation Committee as described above) using the fair market value of the stock price as of the date of grant, and then rounded to the nearest ten shares. The target number of PSUs are increased or decreased (to an amount equal to between 0% and 200% of the target) after the performance period for each component.

The first component ("Component I"), representing 75% of the PSU award, is subject to a one-year performance period. The awarded PSUs are then subject to a two-year holding period. After the end of the performance period, the adjustment of the target number of PSUs is calculated based on the Company's achievement of performance goals relative to the following equally weighted criteria: year-over-year growth in net sales, excluding translation impacts from changes in foreign exchange rates ("Constant Currency Sales"), year-over-year growth in return on invested capital ("Return on Capital"), and year-over-year growth in

adjusted earnings per share (“Adjusted Earnings Per Share”). Each of the metrics may be adjusted for certain items as further described in the PSU award agreements as filed by the Company as Exhibit 10.1 to the Quarterly Report on Form 10-Q filing dated August 7, 2019. The threshold, target,

and outstanding levels for Constant Currency Sales growth and Return on Capital were adjusted in 2019 to reflect the Company’s continued plans for growth through strategic acquisitions and investments in organic growth.

The specific targets and results in 2019 for Component I were as follows:



Based on the process described above and our performance against the targets noted, PSU grants for Component I were awarded as follows:

Name	Component I at Target	Component I Earned	% of Target Earned
John P. O’Donnell	13,095	8,774	67%
Bonnie C. Lind	3,300	2,211	67%
Julie A. Schertell	3,141	2,104	67%
Byron J. Racki	2,145	1,437	67%
Matthew L. Duncan	1,793	1,201	67%

The earned PSUs are now in a two-year hold period and are still subject to forfeiture as further described in the PSU award agreement. All of the above awarded PSUs are scheduled to vest on December 31, 2021.

The second component (“Component II”), representing 25% of the PSU award, is subject to a three-year performance period. After the end of the performance period, the adjustment of the target number of PSUs is calculated based on the Company’s achievement of the performance goal of relative total stockholder return (“Relative TSR”). The Relative TSR (including dividend yield), is compared against the Russell 2000 Value Index over the performance period.

Metric	Threshold	Target	Outstanding	Payout %
Payout (as a % of Target)	0%	100%	200%	TBD*
Total Stockholder Return	3rd Quartile	2nd Quartile	1st Quartile	

* Subject to a three-year performance period ending December 31, 2021.

Component II Performance 2017 LTCP Awards

Component II of the 2017 LTCP award, representing 25% of the PSU award, is subject to a three-year performance period ending December 31, 2019. The target number of PSUs is calculated based on the Company's achievement of the performance goal of Relative TSR.

The Relative TSR (including dividend yield), is compared against the Russell 2000 Value Index over the performance period and the target number of PSUs are increased or decreased (to an amount equal to between 40% and 200% of the target).

The specific targets and results in 2017 for Component II were as follows:

Metric	Threshold	Target	Outstanding	Payout %
Payout (as a % of Target)	0%	100%	200%	40%
Total Stockholder Return	3rd Quartile	2nd Quartile	1st Quartile	

Based on the process described above and our performance against the targets noted, PSU grants for Component II of the 2017 LTCP grants were awarded as follows:

Name	Component II at Target	Component II Earned	% of Target Earned
John P. O'Donnell	3,536	1,414	40%
Bonnie C. Lind	699	280	40%
Julie A. Schertell	682	273	40%
Byron J. Racki	311	124	40%
Matthew L. Duncan	358	143	40%

Retirement Benefits

We maintain the Neenah 401(k) Retirement Plan (the "401(k) Plan"), which is a tax-qualified defined contribution plan for employees. The 401(k) Plan is available to all Neenah's U.S. employees, but includes a special profit-sharing contribution feature that is only applicable for certain employees who are ineligible to participate in the Pension Plan (the "Retirement Contribution Plan"). Further, we maintain a supplemental retirement contribution plan (the "Supplemental RCP") which is a non-qualified defined contribution plan which is intended to provide a tax-deferred retirement savings alternative for amounts exceeding Internal Revenue Code limitations on qualified plans. Additional information regarding the Supplemental RCP can be found in the "2019 Non-qualified Deferred Compensation" table later in this Proxy Statement.

We also maintain the Neenah Deferred Compensation Plan (the "Deferred Compensation Plan"), which is a non-qualified deferred compensation plan for our executive officers. The Deferred Compensation Plan enables our executive officers to defer a portion of annual cash compensation (base salary and non-equity awards under our MIP). The Deferred Compensation Plan is intended to assist our executive officers in maximizing the value of the compensation they receive from the Company and assist in their retention. Additional information regarding the Deferred Compensation Plan can be found in the "2019 Non-qualified Deferred Compensation" table later in this Proxy Statement.

We also maintain the Neenah Pension Plan, a tax-qualified defined benefit plan (the "Pension Plan") and the Neenah Supplemental Pension Plan, a non-qualified defined benefit plan (the "Supplemental Pension Plan") which provide tax-deferred retirement benefits for certain of our employees. Ms. Lind is the only NEO that participates in the Pension Plan and Supplemental Pension Plan. Additional information regarding the Pension Plan and the Supplemental Pension Plan can be found in the "2019 Pension Benefits" table later in this Proxy Statement.

Neenah and the Compensation Committee believe that the Pension Plan, Supplemental Pension Plan, Retirement Contribution Plan, Supplemental RCP, Deferred Compensation Plan, and 401(k) Plan are core components of our compensation program. The plans are competitive with plans maintained by our peer companies and are necessary to attract and retain top level executive talent. Additionally, the plans support the long-term retention of key executives by providing a strong incentive for the executive to remain with Neenah over an extended number of years.

Severance Payments

In March 2017, the Compensation Committee amended and restated its executive severance plan (the "2017 Executive Severance Plan"), effective April 1, 2017, to provide executives certain severance benefits both upon termination of employment following a change in control of Neenah and outside of a change in control. The 2017 Executive Severance Plan also categorize the participating executives as either "Tier 1", "Tier 2", or "Tier 3" participants in order to provide varying benefit amounts to the different executives. All NEOs are Tier 1 participants under the 2017 Executive Severance Plan.

Upon termination of an NEO's employment by Neenah without "cause" outside of a change in control, such NEO will be entitled to an amount equal to one and one-half times his or her base salary. Upon termination of the NEO's employment by Neenah without "cause" within the two-year period following a change in control or by the NEO for "good reason" within the two-year period following a change in control the 2017 Executive Severance Plan provides that such terminated NEO will be entitled to the sum of:

- (I) Two times the sum of his or her annual base salary,
- (II) the amount of bonus under the MIP that he or she has earned through the date of the change in control, plus two times his or her targeted annual bonus,
- (III) any profit-sharing contributions or pension plan benefits forfeited as a result of such termination
- (IV) the amount of profit-sharing contributions and pension plan benefits such participant would have received under the qualified and supplemental retirement plans but for his or her termination for the two-year period following his or her termination, and
- (V) the cost of medical and dental COBRA premiums for a period of two years

In addition, such NEO will be fully vested in his or her account under the Deferred Compensation Plan and any awards granted to him or her under the Amended and Restated Neenah Paper, Inc. 2004 Omnibus Stock and Incentive Compensation Plan (the "2004 Omnibus Plan") or the 2018 Omnibus Plan.

In addition, upon termination of an NEO's employment by Neenah at any time without "cause" or by the officer for "good reason" within the two-year period following a change in control, the NEO will be eligible to receive reimbursement

for outplacement service costs for a period of two years in an amount not to exceed \$50,000.

Payment of the benefits under the 2017 Executive Severance Plan is subject to the applicable executive executing an agreement that includes restrictive covenants and a general release of claims against Neenah. These benefits are intended to recruit and retain key executives and provide continuity in Neenah's management in the event of a change in control. We believe the 2017 Executive Severance Plan is consistent with similar plans maintained by our peer companies and, therefore, is a core component of our compensation program necessary to attract and retain key executives.

Timing of Compensation

Base salary adjustments, if any, are made by our Compensation Committee at the first meeting of each fiscal year (with the adjustments effective as of January 1 of that same year). RSU awards and PSU target levels and awards are made in the manner described above. The number of RSUs awarded is determined by the grant date fair value of the Company's stock on the day of the grant. We do not coordinate the timing of equity awards with the release of non-public information.

Tax and Accounting Consideration

In general, the tax and accounting treatment of compensation for our NEOs has not been a core component used in setting compensation. In limited circumstances, we do consider such treatment and attempt to balance the cost to Neenah against the overall goals we intend to achieve

through our compensation philosophy. In particular, we have historically sought to maximize deductibility of our NEOs' compensation under Internal Revenue Code Section 162(m) while maintaining the flexibility necessary to appropriately compensate our executives based on performance and the existing competitive environment.

The MIP and LTCP programs are performance-based and have historically been intended to be fully deductible under Section 162(m). The exemption from Section 162(m)'s deduction limit for performance-based compensation has been repealed, effective for taxable years beginning after December 31, 2017, such that compensation paid to our covered executive officers in excess of \$1 million will not be deductible unless it qualifies for transition relief applicable to certain arrangements in place as of November 2, 2017.

Despite our efforts in the past to structure annual cash incentives in a manner intended to be exempt from Section 162(m) and, therefore, not subject to its deduction limits, because of ambiguities and uncertainties as to the application and interpretation of Section 162(m) and the regulations issued thereunder, including the uncertain scope of the transition relief under the legislation repealing Section 162(m)'s exemption from the deduction limit, no assurance can be given that compensation intended to satisfy the requirements for exemption from Section 162(m) in fact will. Further, the Compensation Committee reserves the right to modify compensation that was initially intended to be exempt from Section 162(m) if it determines that such modifications are consistent with our business needs.

Stock Ownership Guidelines

The Compensation Committee has adopted stock ownership guidelines to foster long-term stock holdings by company leadership. These guidelines create a strong link between stockholders' and management's interests. NEOs are required to own a designated multiple of their respective base salary. The multiples for each NEO are as follow:

Name	Stock Ownership Multiple of Base Salary
John P. O'Donnell	6x
Bonnie C. Lind	4x
Julie A. Schertell	4x
Byron J. Racki	4x
Matthew L. Duncan	4x

Each NEO is required to hold at least 50% of their annual PSU grants until they reach the ownership guidelines. The following holdings are counted toward fulfilling guidelines, with each being valued using our stock price as of December 31 of each year: (i) stock held in the 401(k) Plan, other deferral plans, outright, or in brokerage accounts, (ii) PSUs or RSUs earned but not vested or not paid out, and (iii) 'in the money' value of vested or unvested stock options and SARs. Penalties for continued failure to meet the guidelines include payment of MIP compensation in Neenah stock and reduction of LTCP compensation. All of our NEOs met or exceeded the guidelines as of December 31, 2019. Mr. Racki was named an executive officer in May 2017 and has five years to meet the stock ownership requirements.

CEO Pay Ratio

Under Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 402(u) of Regulation S-K, the Company is required to provide the ratio of the annual total compensation of its Chief Executive Officer, Mr. O'Donnell, to the annual total pay of the median

employee of the Company (the "Pay Ratio Disclosure"). For 2019, the median compensation of all employees of the Company and its consolidated subsidiaries (other than Mr. O'Donnell), which includes employees located in the United States, Germany, The Netherlands, and England, was \$56,116. Mr. O'Donnell's total compensation in 2019 for purposes of the Pay Ratio Disclosure was \$3,265,694. Based on this information, the ratio of the compensation of the Chief Executive Officer to the median annual total compensation of all other employees for purposes of the 2019 Pay Ratio Disclosure was estimated to be 58 to 1.

The Pay Ratio Disclosure above was calculated in accordance with SEC rules based upon the Company's reasonable judgment and assumptions using the methodology described below. The SEC rules do not specify a single methodology for identification of the median employee or calculation of the Pay Ratio Disclosure and other companies may use assumptions and methodologies that are different from those used by the Company in calculating their Pay Ratio Disclosure. Accordingly, the pay ratio disclosed by other companies may not be comparable to the Company's Pay Ratio Disclosure above. The Company's methodology for calculating the Pay Ratio Disclosure included the following:

- Reviewed total annual cash earnings of all employees on December 31, 2018 for our 2018 fiscal year. This included both base pay and any overtime/premium pay earned by each employee in 2018.
- Permanent employee hours were annualized if they did not work a full year (i.e. someone working a 20-hour workweek would be annualized at 1,040 hours a year, and someone full time would be annualized at 2,080 hours a year). Temporary and seasonal employees were not annualized if they did not work a full year.
- We identified the median employee based on total 2018 annualized earnings and then captured all 2019 pay components under the summary compensation table for such identified employee to compare to the Chief Executive Officer
- Currency used to convert pay was determined as of December 31, 2019 at 1.1215 USD to 1 EUR.

Clawback Policy

The Compensation Committee adopted a “clawback policy” for all executives and other employees participating in our MIP program concerning the payment of MIP payments and long-term equity grants under the LTCP program. This policy gives the Board the authority to reclaim certain overstated payments made to Neenah employees due to materially inaccurate results presented in the Company’s audited financial statements or if the Board concludes that such employee engaged in improper conduct.

Compensation Committee Interlocks and Insider Participation

The following directors served on the Compensation Committee during 2019: Ms. Dano, Mr. McGovern, Mr. Lucas, and Dr. Wood. Mr. McGovern did not stand for re-election as a member of the Board of Directors at the 2019 Annual Meeting and ceased to be a member of the Compensation Committee

at that time. None of the members of the Compensation Committee was an officer or employee of Neenah during 2019 or any time prior thereto, and none of the members had any relationship with Neenah during 2019 that required disclosure under Item 404 of Regulation S-K. None of our executive officers serves as a member of the board of directors or compensation committee of any entity that has one or more of its executive officers serving as a member of our Board of Directors or Compensation Committee.

Policies against Hedging and Pledging Securities

Our insider trading policy provides that directors, officers and employees are prohibited from engaging in short sales and buying or selling puts or calls or other derivative securities of Neenah. Directors and officers are also prohibited from holding Neenah securities in a margin account or pledging Neenah securities as collateral for a loan.

COMPENSATION COMMITTEE REPORT

The Compensation Committee oversees Neenah's compensation policies and programs on behalf of the Board. In fulfilling this responsibility, the Compensation Committee has reviewed and discussed with Neenah's management the Compensation Discussion and Analysis included in this Proxy Statement. In reliance on such review and discussions, the Compensation Committee recommended to Neenah's Board of Directors that the Compensation Discussion and

Analysis be included in this Proxy Statement and in the Company's Annual Report on Form 10-K for the year ended December 31, 2019.

Compensation Committee:

- **Stephen M. Wood, Chair**
- **Margaret S. Dano**
- **Timothy S. Lucas**

ADDITIONAL EXECUTIVE COMPENSATION INFORMATION

Summary Compensation Table

The following table reflects compensation paid to or earned by our NEOs for services rendered during 2019, 2018, and 2017:

Name	Year	Salary (\$)(1)	Stock Awards (\$)(2)	Option Awards (\$)(3)	Non-Equity Incentive Plan (\$)(4)	Change in Pension Value (\$)(5)	All Other Compensation (\$)(6)	Total (\$)
O'Donnell	2019	863,000	1,781,928	–	516,506	–	104,260	3,265,694
	2018	830,000	1,310,184	498,004	186,750	–	138,182	2,963,120
	2017	830,000	1,351,979	498,003	472,478	–	136,148	3,288,609
Lind	2019	435,000	449,071	–	173,565	332,092	14,650	1,404,378
	2018	410,000	291,322	110,696	61,500	121,523	22,080	1,017,121
	2017	410,000	267,146	98,400	155,595	695,393	10,300	1,636,834
Schertell	2019	460,000	427,425	–	111,780	–	54,155	1,053,360
	2018	415,000	270,736	108,006	67,860	–	53,999	915,601
	2017	400,000	260,647	96,002	161,150	–	53,152	970,951
Racki	2019	377,000	291,903	–	227,143	–	37,289	933,335
	2018	326,750	146,878	55,806	68,288	–	41,993	639,715
	2017	292,000	118,901	43,794	94,936	–	33,168	582,799
Duncan	2019	315,000	243,890	–	104,738	–	34,690	698,318
	2018	300,000	177,619	67,500	37,500	–	37,310	619,929
	2017	280,000	136,871	50,406	88,550	–	32,943	588,770

(1) Amounts shown reflect actual earnings during the applicable year and include mid-year salary adjustments. Please see the "Compensation Discussion & Analysis" section of this Proxy Statement for base salary information for each NEO as of December 31, 2019.

(2) Amounts shown reflect the aggregate grant date fair value with respect to PSUs and RSUs granted pursuant to the 2004 Omnibus Plan and 2018 Omnibus Plan. The amounts represent the grant date fair value of the PSU and RSU awards in accordance with ASC 718. The grant date fair value of the stock

awards is equal to the fair market value of the underlying common stock on the date of grant. See Note 9 of Notes to Consolidated Financial Statements included in our 2019 Annual Report on Form 10-K for the assumptions used in valuing the PSUs and RSUs granted.

(3) Amounts shown reflect the aggregate grant date fair value with respect to SARs granted pursuant to the 2004 Omnibus Plan and 2018 Omnibus Plan. The amounts represent grant date fair value of the SARs in accordance with ASC 718. The grant date fair value of the SAR awards is determined using the

Black-Scholes option valuation model. See Note 9 of Notes to Consolidated Financial Statements included in our 2019 Annual Report on Form 10-K for the assumptions used in valuing the SARs granted.

(4) Amounts shown reflect annual performance bonuses earned in the fiscal year and paid in the following year. 2019 amounts are described in detail in the portion of our “Compensation Discussion and Analysis” captioned “2019 Annual Performance Bonus Awards.”

(5) Amounts shown reflect the aggregate change during the year in the actuarial present value of accumulated benefit under our Pension Plan and Supplemental Pension Plan. The large variability in value year-to-year is caused, for the most part, by changes in the discount rates used to calculate the value from year-to-year, and not any increase or change in the pension plan for any individual NEO. Messrs. Racki, Duncan, O’Donnell and Ms. Schertell do not participate in either the Pension Plan or Supplemental Pension Plan.

(6) “All Other Compensation” includes Neenah’s contribution to the 401(k) Plan and Supplemental RCP account of our NEOs as follows (as further disclosed on page 42 of this Proxy Statement):

Name	Year	Amount (\$)
John P. O’Donnell	2019	98,260
	2018	120,291
	2017	129,348
Bonnie C. Lind	2019	8,400
	2018	8,250
	2017	8,100
Julie A. Schertell	2019	49,955
	2018	49,535
	2017	49,891
Byron J. Racki	2019	36,464
	2018	34,788
	2017	30,968
Matthew L. Duncan	2019	32,845
	2018	35,465
	2017	31,958

The amounts in the “All Other Compensation” column also include the following categories of perquisites: annual physicals, tax preparation, financial planning and spousal travel to attend the Company’s August 2018 Board of Directors meeting.

2019 Grants of Plan Based Awards

The following table contains information relating to the plan based awards grants made in 2019 to our NEOs under the 2018 Omnibus Plan and is intended to supplement the "Summary Compensation Table" listed above:

Name	Plan	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(2)			All Other Stock Awards(3)	Grant Date Fair Value of Stock Awards (\$)
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)	# of Securities Underlying Stock Awards (#)	
John P. O'Donnell	MIP	1/29/2019	0	776,700	1,553,400					
	PSU	1/29/2019				0	17,460	34,920		1,264,104
	RSU	1/29/2019							7,483	517,824
Bonnie C. Lind	MIP	1/29/2019	0	261,000	522,000					
	PSU	1/29/2019				0	4,400	8,800		318,560
	RSU	1/29/2019							1,886	130,511
Julie A. Schertell	MIP	1/29/2019	0	276,000	632,500					
	PSU	1/29/2019				0	4,188	8,376		303,211
	RSU	1/29/2019							1,795	124,214
Byron J. Racki	MIP	1/29/2019	0	188,500	431,665					
	PSU	1/29/2019				0	2,860	5,720		207,064
	RSU	1/29/2019							1,226	84,839
Matthew L. Duncan	MIP	1/29/2019	0	157,500	315,000					
	PSU	1/29/2019				0	2,390	4,780		173,030(4)
	RSU	1/29/2019							1,024	70,861(5)

(1) Reflects the range of potential annual incentive bonus payments that could have been earned by each NEO under Neenah's MIP in 2019. The actual bonuses earned in 2019 are reflected in the "Summary Compensation Table" above under the caption "Non-Equity Incentive Plan Compensation." For more information regarding annual incentive bonus opportunities, see the discussion in the "Compensation Discussion and Analysis" section of this Proxy Statement.

(2) Reflects the range of potential PSUs that may be earned by each NEO based on the Company's level of achievement of performance goals in 2019 and Relative TSR for the performance period ending December 31, 2021. After the December 31, 2019 performance period, the PSUs remain subject to a two-year holding period. For more information

regarding the PSUs, including how the number of PSUs awarded was determined and the vesting terms applicable to such units, see the discussion in the "Compensation Discussion and Analysis" section of this Proxy Statement. Outstanding PSUs receive dividends at the same rate as other stockholders following the applicable performance period.

(3) The RSUs vest in increments of 33.34%, 33.33% and 33.33% over a three-year period, with vesting occurring on December 31, 2019, December 31, 2020 and December 31, 2021.

(4) Mr. Duncan forfeited 100% of the January 29, 2019 PSU award upon his resignation on February 1, 2020.

(5) Mr. Duncan forfeited 66.67% of the January 29, 2019 RSU award upon his resignation on February 1, 2020.

Outstanding Equity Awards at 2019 Fiscal Year-End

The following table sets forth information concerning outstanding equity awards for our NEOs as of December 31, 2019.

Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units or Stock That Have Not Vested	Market Value of Shares or Units of Stock	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
John P. O'Donnell	28,312	–	–	57.95(5)	01/25/2026				
	24,501	12,252	–	82.15(6)	01/29/2027				
	11,044	22,090	–	93.35(7)	01/29/2028				
						6,847(9)	482,234		
						13,139(10)	925,379		
						4,989(11)	351,375		
Bonnie C. Lind	4,840	2,422	–	82.15(6)	01/29/2027				
	2,455	4,910	–	93.35(7)	01/29/2028				
						1,522(9)	107,194		
						3,311(10)	233,194		
						1,258(11)	88,601		
Julie A. Schertell	3,000	–	–	24.09(1)	01/24/2022				
	4,900	–	–	31.23(2)	01/28/2023				
	4,370	–	–	42.82(3)	01/27/2024				
	4,380	–	–	59.72(4)	01/26/2025				
	5,996	–	–	57.95(5)	01/25/2026				
	4,722	2,363	–	82.15(6)	01/29/2027				
	2,395	4,791	–	93.35(7)	01/29/2028				
						1,485(9)	104,589		
						3,151(10)	221,925		
						1,197(11)	84,305		
Byron J. Racki	1,940	–	–	59.72(4)	01/26/2025				
	2,548	–	–	57.95(5)	01/25/2026				
	2,154	1,078	–	82.15(6)	01/29/2027				
	1,237	2,476	–	93.35(7)	01/29/2028				
						768(9)	54,090		
						2,152(10)	151,565		
						818(11)	57,612		
Matt Duncan	1,191	–	–	60.56(8)	02/28/2026				
	1,239	1,241	–	82.15(6)	01/29/2027				
	1,497	2,994	–	93.35(7)	01/29/2028				
						928(9)	65,359		
						1,798(10)	126,633		
						683(11)	48,104		

-
- (1) These options were granted on January 25, 2012 and vested as follows: 33.34% on January 25, 2013 and 33.33% on both January 25, 2014 and January 25, 2015. These options were converted to SARs on July 1, 2014.
- (2) These options were granted on January 29, 2013, and vest as follows: 33.34% on January 29, 2014 and 33.33% on both January 29, 2015 and January 29, 2016. These options were converted to SARs on July 1, 2014.
- (3) These options were granted on January 28, 2014, and vest as follows: 33.34% on January 28, 2015 and 33.33% on both January 28, 2016 and January 28, 2017. These options were converted to SARs on July 1, 2014.
- (4) These SARs were granted on January 27, 2015, and vest as follows: 33.34% on January 27, 2016 and 33.33% on both January 27, 2017 and January 27, 2018.
- (5) These SARs were granted on January 26, 2016, and vest as follows: 33.34% on January 26, 2017 and 33.33% on both January 26, 2018 and January 26, 2019.
- (6) These SARs were granted on January 30, 2017, and vest as follows: 33.34% on January 30, 2018 and 33.33% on both January 30, 2019 and January 30, 2020.
- (7) These SARs were granted on January 30, 2018, and vest as follows: 33.34% on January 30, 2019 and 33.33% on both January 30, 2020 and January 30, 2021.
- (8) These SARs were granted to Mr. Duncan on February 29, 2016 and vest as follows: 33.34% on February 28, 2017, and 33.33% on both February 28, 2018 and February 28, 2019.
- (9) These PSU target levels were set on January 30, 2018 and 75% of the award was earned on December 31, 2018, based on the Company's achievement of performance goals during the performance period ending December 31, 2018. This component of the awards was granted at 40% of target as disclosed in the "Compensation Discussion and Analysis" section of the 2018 Proxy Statement and the market value disclosed in this table reflects the sizing of these awards. These PSUs are subject to a two-year continued service requirement after the one-year performance period, subject to certain exceptions. The remaining 25% of the grant is subject to a three-year performance period ending December 31, 2020.
- (10) These PSU target levels were set on January 29, 2019 and 75% of the award was earned on December 31, 2019, based on the Company's achievement of performance goals during the performance period ending December 31, 2019. This component of the awards was granted at 67% of target as disclosed in the "Compensation Discussion and Analysis" section of the 2019 Proxy Statement and the market value disclosed in this table reflects the sizing of these awards. These PSUs are subject to a two-year continued service requirement after the one-year performance period, subject to certain exceptions. The remaining 25% of the grant is subject to a three-year performance period ending December 31, 2021.
- (11) These RSUs were granted on January 29, 2019, and vest as follows: 33.34% on December 31, 2019, and 33.33% on both December 31, 2020 and December 31, 2021.

Option Exercises and Stock Vested in 2019

The following table sets forth information regarding stock options or SARs exercised and stock awards vested for our NEOs during 2019:

Name	Option Awards		Stock Awards(1)	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)(2)
John P. O'Donnell	0	0	15,367	1,080,529
Bonnie C. Lind	11,097	172,968	3,172	223,054
Julie A. Schertell	0	0	3,080	216,583
Byron J. Racki	0	0	1,541	108,376
Matthew L. Duncan	0	0	1,645	115,677

(1) These shares represent the vesting of (i) PSUs granted to each of our NEOs in January of 2017 and which vested on December 31, 2019 after a one-year performance and two-year holding period, and (ii) PSUs granted to each of our NEOs in January of 2017 and which vested on December 31, 2019 after a three-year performance period, and (iii) RSUs granted to each of our NEOs in January of 2019 and which vested 33.34% on December 31, 2019.

(2) Reflects the market value of the shares on the vesting date.

Pension Plans

The Neenah Pension Plan is a broad-based, tax-qualified defined benefit pension plan, which provides a benefit upon retirement to eligible employees of the Company.

The Neenah Supplemental Pension Plan is a non-qualified defined benefit pension plan which covers pay and benefits above the qualified limits in the Pension Plan.

The compensation covered by these defined benefit plans includes the salary and non-equity incentive payments set forth above in the "Summary Compensation Table". Under our Pension Plan, an employee is entitled to receive an annual standard benefit based on years of service and integrated with social security benefits. The Internal Revenue Code generally places limits on the amount of pension benefits that may be paid from the tax-qualified Pension Plan. However, we will pay any participant in our Supplemental Pension Plan the amount of the benefit payable under the Pension Plan that is limited by the Code.

Retirement benefits for participants in the Pension Plan who have at least five years of service may begin on a reduced basis at age 55 or on an unreduced basis at the normal retirement age of 65. Unreduced benefits also are available

(i) for participants with ten years of service at age 62 or as early as age 60 with thirty years of service, and (ii) as described below, for certain involuntary terminations. Ms. Lind is eligible for early retirement on a reduced basis. None of our other NEOs currently is eligible for retirement under our Pension Plan or Supplemental Pension Plan.

The normal form of benefit is a single-life annuity payable monthly and other optional forms of benefit are available including a joint and survivor benefit. Accrued benefits under our Supplemental Pension Plan will, at the participant's option, either be paid as monthly payments in the same form as the retirement payments from the Pension Plan or as an actuarially determined lump sum payment upon retirement after age 55.

For a discussion of how we value these obligations and the assumption we use in that valuation, see Note 8 of Notes to Consolidated Financial Statements included in our 2019 Annual Report on Form 10-K. For purposes of determining the present value of accumulated benefits, we have used the normal retirement age under the plans, which is 65.

2019 Pension Benefits

The following table sets forth information as of December 31, 2019 regarding accumulated benefits to our NEOs under our Pension Plan and Supplemental Pension Plan:

Name (1)	Plan Name	Number of Years Credited Service	Present Value of Accumulated Benefit (\$) (2)
Bonnie C. Lind	Neenah Pension Plan	38(3)	2,320,935
	Neenah Supplemental Pension Plan	38(3)	3,038,271

- (1) Messrs. O'Donnell, Racki, Duncan and Ms. Schertell do not participate in the Pension Plan or Supplemental Pension Plan.
- (2) For a description of the assumptions applied in determining the present value of accumulated benefits reported above, see Note 8 of Notes to Consolidated Financial Statements included in our 2019 Annual Report on Form 10-K.
- (3) Includes years of service credited for employment with Kimberly-Clark prior to Neenah's spin-off.

2019 Non-qualified Deferred Compensation

The Supplemental RCP is a non-qualified excess benefit and supplemental retirement plan pursuant to which the Company provides additional retirement benefits to certain highly compensated employees. These Company contributions are intended to provide contributions to those individuals whose benefits under tax-qualified programs are restricted by the limitations permitted by the Internal Revenue Code. Contributions are held for each participant in either an excess benefit or supplemental benefit unfunded separate account. Participant accounts are credited with earnings, gains, and losses based on the rate of return of investment funds selected by the participant, which the participant may elect to change in accordance with the participant's elections under the Supplemental RCP. Payments can be tied to termination of employment, including retirement, and would be paid in lump sum.

If a participant dies before receiving the full value of their account balance, the participant's beneficiary would receive the remainder of the benefit in one lump sum payment. All accounts would be distributed promptly following a change in control, subject to a 10% reduction in a current participant's account and a 5% reduction in an account for a retired participant. Ms. Lind does not participate in the Supplemental RCP due to her participation in the Pension Plan and Supplemental Pension Plan.

The Deferred Compensation Plan enables our executive officers to defer a portion of annual cash compensation (base salary and non-equity awards under our MIP). This plan is intended to assist our executive officers in maximizing the value of the compensation they receive from the Company and assist in their retention.

NEO participation in the Supplemental RCP and the Deferred Compensation Plan in 2019 is as follows:

Name (1)	Executive Contributions in last Fiscal Year(2)	Company Contributions in last Fiscal Year(3)	Aggregate Earnings in last Fiscal Year	Aggregate Withdrawal/ Distributions	Aggregate Balance at Last Fiscal Year
John P. O'Donnell	–	\$67,353	\$140,447	–	\$1,038,209
Julie A. Schertell	–	\$20,448	\$45,878	–	\$303,542
Byron J. Racki	–	\$11,157	\$18,804	–	\$101,724
Matthew L. Duncan	–	\$5,438	\$4,067	–	\$24,391

- (1) Ms. Lind does not participate in the Supplemental RCP due to her participation in the Pension Plan and Supplemental Pension Plan.
- (2) None of our NEOs elected to defer compensation in 2019 under the Deferred Compensation Plan.
- (3) Amounts included "All Other Compensation" column of the "Summary Compensation Table" for 2019.

Potential Payments Upon Termination

We do not have employment agreements or other individual arrangements with our NEOs that provide for specific benefits upon a termination of employment. In general, upon termination of employment, an executive officer will receive compensation and benefits for which he or she has already vested. This includes accrued but unpaid salary, accrued and unused vacation pay, and payments and benefits accrued under our broad-based benefit programs. The following section describes certain payments and benefits that would be payable to our NEOs in the event of their involuntary termination in connection with a change in control of Neenah or other involuntary termination

The 2017 Executive Severance Plan provides NEOs certain severance benefits both upon termination of employment following a change in control of Neenah and outside of a change in control. The 2017 Executive Severance Plan also categorize the participating executives as either "Tier 1," "Tier 2," or "Tier 3" participants in order to provide varying benefit amounts to the different executives. All NEOs are Tier 1 participants under the 2017 Executive Severance Plan.

Upon termination of an executive's employment by Neenah without "cause" outside of a change in control of Neenah, such terminated NEO will be entitled to an amount equal to one and one-half times his or her base salary. Upon termination of an executive's employment by Neenah without

"cause" within the two-year period following a change in control, or by the executive for "good reason" within the two-year period following a change in control, the 2017 Executive Severance Plan provides that such NEO will be entitled to the sum of (i) two times the sum of his or her annual base salary, (ii) the amount of bonus under Neenah's MIP that he or she has earned through the date of the change in control, plus two times his or her targeted annual bonus, (iii) any profit-sharing contributions or pension plan benefits forfeited as a result of such termination, (iv) the amount of profit-sharing contributions and pension plan benefits such participant would have received under the qualified and supplemental retirement plans but for his or her termination for the two-year period following his or her termination, and (v) the cost of medical and dental COBRA premiums for a period of two years. In addition, such NEO will be fully vested in his or her account under the Deferred Compensation Plan and any awards granted under the 2004 Omnibus Plan or the 2018 Omnibus Plan. Excise tax gross up payments are not included as a part of the 2017 Executive Severance Plan.

In addition, upon termination of an NEO's employment by Neenah at any time without "cause" or by the NEO for "good reason" within the two-year period following a change in control, the NEO will be eligible to receive reimbursement for outplacement service costs for a period of two years for an amount not to exceed \$50,000.

The following table shows the payments that would be made to each of our NEOs under the 2017 Executive Severance Plan in connection with a change in control termination as of December 31, 2019:

Payments	John P. O'Donnell	Bonnie C. Lind	Julie A. Schertell	Byron J. Racki	Matthew L. Duncan
Severance(1)	\$3,279,400	\$1,392,000	\$1,472,000	\$1,131,000	\$945,000
Prorated Non-Equity Incentive Payment(2) –	–	–	–	–	–
Unvested Restricted Stock(3)	\$351,375	\$88,601	\$84,305	\$57,612	\$48,104
Unvested PSU Component I(4)	\$881,009	\$214,178	\$205,303	\$130,789	\$120,224
Unvested PSU Component II(5)	\$545,167	\$130,571	\$125,487	\$77,425	\$74,294
Retirement Benefit Payment(6)	\$282,817	\$607,662	\$117,309	\$72,212	\$66,744
Welfare Benefit Values(7)	\$37,752	\$25,728	\$39,384	\$51,528	\$51,528
Outplacement	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Aggregate Payments	\$5,427,520	\$2,508,740	\$2,093,788	\$1,570,566	\$1,355,894

- (1) Severance payment equal to two times the sum of the executive's annual base salary at the time of the termination, plus two times the target MIP bonus.
- (2) The target Non-Equity Incentive Payment is prorated for the number of days in the calendar year prior to termination. Since the assumed termination is December 31, 2019, the Non-Equity Incentive Payment for 2019 would have been earned and paid to the executives and would not be payable under the 2017 Executive Severance Plan.
- (3) Total value of unvested Restricted Stock that would become vested upon a change in control assuming a share price of \$70.43 and a change in control date of December 31, 2019.
- (4) All actual and unearned Component I PSUs vest upon a change in control event.
- (5) Amounts are based on target 2018 and 2019 Component II PSU grants.
- (6) Actuarial value attributable to retirement benefits.
- (7) Estimated value associated with the continuation of medical and dental for two years post-termination.

AUDIT RELATED MATTERS

AUDIT COMMITTEE REPORT

The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities relating to the accuracy and integrity of Neenah's financial reporting, including the performance and the independence of Neenah's independent registered public accounting firm, Deloitte & Touche LLP ("Deloitte"). Our Board of Directors adopted an Audit Committee Charter, which sets forth the responsibilities of the Audit Committee. The charter is available on our website at www.neenah.com. The Audit Committee reviewed and discussed with management and Deloitte our audited financial statements for the fiscal year ended December 31, 2019. The Audit Committee also discussed with Deloitte the matters required to be discussed under Public Company Accounting Oversight Board ("PCAOB") Auditing Standards No. 1301, Communications with Audit Committees.

The Audit Committee received the written disclosures and other communications from Deloitte that are required by the applicable requirements of the PCAOB regarding Deloitte's communications with the Audit Committee, which included independence considerations. The Audit Committee reviewed the audit and non-audit services provided by Deloitte for the fiscal year ended December 31, 2019 and determined to engage Deloitte as the independent registered public accounting firm of Neenah for the fiscal year ending December 31, 2020.

The Audit Committee also received and reviewed a report by Deloitte outlining communications required by NYSE listing standards describing: (1) the firm's internal quality control procedures; (2) any material issue raised by a) the most recent internal quality control review of the firm, b) peer review of the firm, or c) any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with issues; and (3) (to assess Deloitte's independence) all relationships between Deloitte and us.

In reliance upon the Audit Committee's review of the audited financial statements, the discussions noted above, and Deloitte's report, the Audit Committee recommended to the Board of Directors, and the Board of Directors approved, that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2019 for filing with the SEC.

Audit Committee:

- Timothy S. Lucas, Chair
- Philip C. Moore
- Stephen M. Wood
- William M. Cook
- Donna M. Costello

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FEES AND SERVICES

Aggregate Fees for professional services rendered for us by Deloitte & Touche LLP, the member firms of Deloitte Touche and Tohmatsu and their respective affiliates as of or for the fiscal years ended December 31, 2019 and December 31, 2018 are set forth below. The aggregate fees included in the Audit category are fees billed for the fiscal year for the integrated audit of our annual financial statements and review of statutory and regulatory filings. The aggregate fees included in each of the other categories are fees billed in the fiscal years.

Audit Fees were for professional services rendered for the audit of our annual consolidated financial statements including the audit of our internal control over financial reporting and review of Quarterly Reports on Form 10-Q filed by us with the SEC.

	2018	2019
Audit Fees	\$2,080,000	\$1,927,000
Audit Related Fees	–	–
Tax Fees	–	–
All Other Fees	–	–
Total	\$2,080,000	\$1,927,000

POLICY ON AUDIT COMMITTEE PRE-APPROVAL

To avoid potential conflicts of interest in maintaining auditor independence, the law prohibits a publicly traded company from obtaining certain non-audit services from its independent registered public accounting firm. The law also requires the audit committee of a publicly traded company to pre-approve other services provided by the independent registered public accounting firm. Pursuant to its charter, the Audit Committee's policy is to pre-approve all audit and permissible non-audit services provided by the independent registered public accounting firm. These services may include audit services, audit related services, tax services and other services. In its pre-approval of non-audit services, the Audit Committee considers, among other factors, the possible effect of the performance of such services on the auditor's independence. The Audit Committee may delegate pre-approval authority to a member of the Audit Committee. The decisions of any Audit Committee member to whom pre-approval authority is delegated shall be presented to the full Audit Committee at its next scheduled meeting. The Audit Committee pre-approved all services performed by the independent registered public accounting firm in fiscal 2019 and fiscal 2018, including those services described in the table above under the captions "Audit Fees".

ELECTION OF DIRECTORS (ITEM 1)



BOARD APPROVED NOMINEES

The Board unanimously recommends that the stockholders vote “FOR” the proposal to elect William M. Cook, Philip C. Moore and Julie A. Schertell as Class I directors for a three-year term expiring at the 2023 Annual Meeting of Stockholders and until their successors have been duly elected and qualified.

On February 5, 2020, Julie A. Schertell was unanimously appointed by the Board to serve as a Class I director and will stand for re-election at the Company’s 2020 Annual Meeting. The Board currently consists of nine members divided into one class of two directors (Class III), one class of three directors (Class II) and one class of four directors (Class I). The directors in each class serve three-year terms, with the terms of the Class I directors expiring at the 2020 Annual Meeting. The Board has nominated William M. Cook, Philip C. Moore and Julie A. Schertell, each a current Class I director, for re-election at the 2020 Annual Meeting. If re-elected, the nominees will serve a three-year term expiring at the 2023 Annual Meeting of Stockholders and until his or her successor has been duly elected and qualified. Each of the nominees has consented to serve another term as a director if re-elected.

If any of the nominees should be unavailable to serve for any reason (which is not anticipated), the Board may designate a substitute nominee or nominees (in which event the persons named on the enclosed proxy card will vote the shares represented by all valid proxy cards for the election of such substitute nominee or nominees), allow the vacancies to remain open until a suitable candidate or candidates are located, or by resolution provide for a lesser number of directors.

If any incumbent nominee for director in an uncontested election should fail to receive the required affirmative vote of the holders of a majority of the shares represented and entitled to vote at the Annual Meeting, under Delaware law

the director remains in office as a “holdover” director until his successor is elected and qualified or until his or her earlier resignation, retirement, disqualification, removal from office or death. In the event of a holdover director, the Board of Directors in its discretion may request the director to resign from the Board. If the director resigns, the Board of Directors may immediately fill the resulting vacancy, allow the vacancy to remain open until a suitable candidate is located and appointed, or adopt a resolution to decrease the authorized number of directors.

On February 5, 2020, John P. O’Donnell delivered notice to the Board of his intent to retire as President and Chief Executive Officer as of May 21, 2020 and to not to stand for re-election as Class I director at the Company’s 2020 Annual Meeting. The Board has not made any nominations and does not currently intend to fill this Class I vacancy at this time. Accordingly, immediately following the 2020 Annual Meeting, the Board will consist of eight members divided into two classes of three directors (Classes I and II) and one class of two directors (Class III).

Set forth above is certain information as of March 27, 2020, regarding the nominees and each director continuing in office, including their ages, principal occupations (which have continued for at least the past five years unless otherwise noted), current Board experience and participation, and how the background, experience, and qualification of each nominee and director make them well suited to serve on Neenah’s Board.

ADVISORY VOTE ON EXECUTIVE COMPENSATION (ITEM 2)



**BOARD
APPROVED
COMPENSATION**

The Board of Directors unanimously recommends that the stockholders vote "FOR" the approval of the Company's executive compensation.

Section 14A of the Exchange Act requires that we include in this Proxy Statement a non-binding stockholder vote on our executive compensation as described in this Proxy Statement (commonly referred to as "Say-on-Pay").

We encourage stockholders to review the "Compensation Discussion and Analysis" ("CD&A") section of this Proxy Statement. Our executive compensation program has been designed to pay-for-performance and align our compensation programs with business strategies focused on long-term growth and creating value for stockholders while also paying competitively and focusing on total compensation. The Company's executive compensation programs are designed to attract, motivate, and retain highly qualified executive officers who are able to achieve corporate objectives and create stockholder value. The Compensation Committee believes the Company's executive compensation programs reflect a strong pay-for-performance philosophy and are well aligned with the stockholders' long-term interests without promoting excessive risk. We feel this design is evidenced by the following:

- A majority of our executives' compensation is directly linked to our performance and the creation of stockholder value. The overall compensation mix is targeted to include at least 50% performance-based compensation for the NEOs with a higher percentage of our CEO's compensation being performance-based. In 2019, 74% of our CEO's compensation was performance-based at target levels.
- Our long-term incentive awards are exclusively in the form of PSUs, RSUs, stock options and SARs and all of our incentive plans have capped payouts.
- LTCP grants are split with 70% of the total value of the awards granted as PSUs with a three-year vesting and a combination of one-year and three-year performance periods, and 30% as RSUs with annual vesting over a three-year period. For our PSUs, we use objective performance metrics closely tied to financial performance and stockholder value, such as maintaining an attractive return on invested capital, revenue and earnings per share growth, and relative total stockholder return. In 2019, Component I of the PSU grants, representing 75% of the total grant, were awarded at

67% of target based on performance and in accordance with the terms of the PSU award agreements. Component II of the PSU grants, representing 25% of the grant, using relative total stockholder return as the performance metric, is subject to a three-year performance period ending on December 31, 2021.

- Our short-term incentive plan (MIP) also is based on a pay-for-performance philosophy, with target bonus opportunities ranging from 50% to 90% of base salary based on improvements in corporate and business unit profits and successful execution of strategic objectives. In 2019, NEOs received a payment of 40.5% to 120.5% of target as a result of performance in corporate EBITDA, business unit EBIT and the successful execution of strategic objectives.
- We have meaningful stock ownership requirements for our NEOs.
- We do not have employment agreements or other individual arrangements with our NEOs that provide for a specified term of employment, compensation terms, or specific benefits upon a termination of employment.
- Benefits under our 2017 Executive Severance Plan in connection with a change in control are payable only on a double-trigger basis (i.e., following both a change in control and a qualifying termination of employment).
- The Compensation Committee is advised by an independent compensation consultant who keeps the Committee apprised of developments and best practices.
- The Company has a clawback policy which allows the Company to recoup awards if payment or vesting was based on financial criteria that are later deemed to be materially inaccurate or if the Board concludes that such employee engaged in improper conduct.
- In 2017, the Compensation Committee amended the Company's executive severance plan to remove the excise tax gross up provision.

The Board strongly endorses the Company's executive compensation program and recommends that stockholders vote in favor of the following resolution:

RESOLVED, that the stockholders approve the compensation of the Company's named executive officers as described in this proxy statement under "Executive Compensation", including the Compensation Discussion and Analysis and the tabular and narrative disclosure contained in this proxy statement.

Because the vote is advisory, it will not be binding upon the Board of Directors or the Compensation Committee and neither the Board of Directors nor the Compensation Committee will be required to take any action as a result of the outcome of the vote on this proposal.

The Compensation Committee will consider the outcome of the vote when considering future executive compensation arrangements.

RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM (ITEM 3)



**BOARD
APPROVED
ACCOUNTING FIRM**

The Board of Directors unanimously recommends that the stockholders vote "FOR" the proposal to ratify the appointment of Deloitte & Touche, LLP as our independent registered public accounting firm.

The Audit Committee and the Board unanimously recommend that the stockholders vote "FOR" the proposal to ratify the appointment of Deloitte & Touche, LLP as our independent registered public accounting firm.

The Audit Committee of our Board of Directors, in accordance with its charter and authority delegated to it by the Board, has appointed the firm of Deloitte & Touche LLP to serve as our independent registered public accounting firm for the fiscal year ending December 31, 2020. As a matter of good corporate practice, the Board has directed that such appointment be submitted to our stockholders for ratification at the 2020 Annual Meeting. Deloitte & Touche LLP has served as our independent registered public accounting firm since

our spin-off from Kimberly-Clark Corporation in November 2004 and is considered by our Audit Committee to be well qualified. If the stockholders do not ratify the appointment of Deloitte & Touche LLP, the Audit Committee will reconsider the appointment. Even if the stockholders ratify the appointment, the Audit Committee, in its discretion, may appoint a different independent auditor at any time during the year if the Audit Committee determines that such a change would be in the best interests of Neenah and its stockholders.

Representatives of Deloitte & Touche LLP will be present at the 2020 Annual Meeting. They will be available to respond to appropriate questions from stockholders.

FAQ: ANNUAL MEETING AND VOTING

When and where is the Annual Meeting?

When: Thursday, May 21, 2020, at 2:00 p.m. Eastern Daylight Time

Where¹: Company headquarters located at Preston Ridge III, 3460 Preston Ridge Road, Suite 600, Alpharetta, GA 30005

Who is entitled to vote at the Annual Meeting?

You are entitled to vote at the Annual Meeting if you owned our common stock, par value \$0.01 per share, as of the close of business March 27, 2020 (the "Record Date"), with each share entitling its owner to one vote on each matter submitted to the stockholders. On the record date, 16,790,686 shares of common stock were outstanding and eligible to be voted at the Annual Meeting. The presence, in person or by proxy, of the holders of a majority of the issued and outstanding shares of our common stock is necessary to constitute a quorum at the 2020 Annual Meeting.

How do I vote at the Annual Meeting?

You may vote in person at the Annual Meeting or by proxy. We recommend you vote by proxy even if you plan to attend the 2020 Annual Meeting. You can always change your vote at the meeting. Giving us your proxy means you authorize us to vote your shares at the 2020 Annual Meeting in the manner you direct. If you plan to attend the meeting in person you must provide proof of your ownership of our common stock as of the Record Date, such as an account statement, and a form of personal identification for admission to the meeting. If you hold your shares in street name and you also wish to be able to vote at the 2020 Annual Meeting, you are required to obtain a proxy from your bank or broker, executed in your favor.

If your shares are held in your name, you can vote by proxy in three convenient ways:



» **Via the Internet:** Go to <http://www.proxyvote.com> and follow the instructions.



» **By Telephone:** Call toll free 1-800-690-6903 and follow the instructions.



» **By Mail:** Request a printed copy of the proxy materials disclosed in this Proxy Statement and complete, sign, date and return your proxy card in the envelope included with your printed proxy materials.

If your shares are held in street name, the availability of telephone and Internet voting will depend on the voting processes of the applicable bank or brokerage firm; therefore, it is recommended that you follow the voting instructions on the form you receive from your bank or brokerage firm. All properly executed proxies received by the Company in time to be voted at the 2020 Annual Meeting and not revoked will be voted at the 2020 Annual Meeting in accordance with the directions noted on the proxy card. If any other matters properly come before the 2020 Annual Meeting, the persons named as proxies will vote upon such matters according to their judgment.

We are also sending the Notice and voting materials to participants in various employee benefit plans of the Company. The trustee of each plan, as the stockholder of record of the shares of common stock held in the plan, will vote whole shares of stock attributable to each participant's interest in the plan in accordance with the directions the participant gives or, if no directions are given by the participant, in accordance with the directions received from the applicable plan committees.

Can I change my vote?

Any stockholder of record delivering a proxy has the power to revoke it at any time before it is voted at the 2020 Annual Meeting: (i) by giving written notice to Noah S. Benz, Senior Vice President, General Counsel and Secretary at Preston Ridge III, 3460 Preston Ridge Road, Suite 600, Alpharetta, Georgia 30005; (ii) by submitting a proxy card bearing a later date, including a proxy submitted via the Internet or by telephone; or (iii) by voting in person at the 2020 Annual Meeting. Please note, however, that any beneficial owner of our common stock whose shares are held in street name may (a) revoke his or her proxy and (b) attend and vote his or her shares in person at the 2020 Annual Meeting only in accordance with applicable rules and procedures as then may be employed by such beneficial owner's brokerage firm or bank.

What Proposals am I being asked to vote on at the 2020 Annual Meeting and what is required to approve each proposal?

You are being asked to vote on three proposals:

- **Proposal 1** – the election of the three nominees as Class I directors;
- **Proposal 2** – the approval, in a non-binding advisory vote, of Neenah's executive compensation; and
- **Proposal 3** – the ratification of the appointment of our independent public accounting firm.

In voting with regard to Proposal 1, you may vote in favor of each nominee, against each nominee, or may abstain from voting. A majority of the shares of common stock represented and entitled to vote on Proposal 1 is required for the election of each director, provided a quorum is present. Abstentions will be considered in determining the number of votes required to obtain the necessary majority vote for the proposal, and therefore will have the same legal effect as votes against the proposal.

In voting with regard to Proposals 2 and 3, you may vote in favor of each proposal, against each proposal, or may abstain from voting. The vote required to approve Proposals 2 and 3 is majority of the shares of common stock represented and entitled to vote, provided a quorum is present. Abstentions will be considered in determining the number of votes required to obtain the necessary majority vote for each proposal, and therefore will have the same legal effect as votes against such proposal.

Neenah is not aware, as of the date hereof, of any matters to be voted upon at the 2020 Annual Meeting other than those stated in this Proxy Statement. If any other matters are properly brought before the 2020 Annual Meeting, your proxy gives discretionary authority to the persons named as proxies to vote the shares represented thereby in their discretion.

What happens if I don't return my proxy card or vote my shares?

If you hold your shares directly your shares will not be voted if you do not return your proxy card or vote in person at the 2020 Annual Meeting.

If your shares are held in the name of a bank or brokerage firm (in "street name") and you do not vote your shares, your bank or brokerage firm will only be permitted to exercise discretionary authority to vote your shares for proposals which are considered "discretionary" proposals. We believe that Proposal 3 is a discretionary proposal.

Brokers are prohibited from exercising discretionary authority for beneficial owners who have not provided voting instructions to the broker for proposals which are considered "non-discretionary" (a "broker non-vote"). We believe Proposals 1 and 2 are non-discretionary proposals. As such, broker non-votes will be counted for the purpose of determining if a quorum is present, but will not be considered as shares entitled to vote on Proposals 1 and 2, and therefore will have no effect on the outcome of these proposals.

What happens if I sign, date and return my proxy card but do not specify how to vote my shares?

If a signed proxy card is received which does not specify a vote or an abstention, then the shares represented by that proxy card will be voted FOR the election of all Class I director nominees described herein, FOR the approval of the Company's executive compensation, and FOR the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the year ending December 31, 2020.

Why haven't I received a printed copy of the Proxy Statement or annual report?

We are choosing to follow the SEC rules that allow companies to furnish proxy materials to stockholders via the Internet. If you received a Notice of Internet Availability of Proxy Materials, or "Notice," by mail, you will not receive a printed copy of the proxy materials, unless you specifically request one. The Notice instructs you on how to access and review all of the important information contained in the proxy statement and annual report as well as how to submit your proxy over the Internet. If you received the Notice and would still like to receive a printed copy of our proxy materials, you should follow the instructions for requesting these materials included in the Notice. We plan to mail the Notice to stockholders by April 9, 2020.

Who pays for the cost of this proxy solicitation?

We will bear the cost of preparing, printing and filing the Proxy Statement and related proxy materials. In addition to soliciting proxies through the mail, we may solicit proxies through our directors, officers, and employees, in person and by telephone or email and facsimile. We expect to retain Okapi Partners LLC to aid in the solicitation at a cost of approximately \$9,000, plus reimbursement of out-of-pocket expenses. Brokerage firms, nominees, custodians, and fiduciaries also may be requested to forward proxy materials to the beneficial owners of shares held of record by them. We will pay all expenses incurred in connection with the solicitation of proxies.

When will voting results be made available?

We will announce the final results on our website at www.neenah.com shortly after the 2020 Annual Meeting and on Form 8-K immediately following the meeting.

¹We intend to hold our annual meeting in person. If you are planning to attend our meeting, please check the website one week prior to the meeting date. As always, we encourage you to vote your shares prior to the annual meeting. However, we are actively monitoring the coronavirus (COVID-19) and are sensitive to the public health and travel concerns our stockholders may have and the protocols that federal, state, and local governments may impose. In the event it is not possible or advisable to hold our annual meeting in person, we will announce alternative arrangements for the meeting as promptly as practicable, which may include holding the meeting solely by means of remote communication. Please monitor our investor relations webpage at www.neenah.com for updated information.

BENEFICIAL OWNERSHIP

Directors and Executive Officers

The following table sets forth information regarding the beneficial ownership of our common stock as of March 27, 2020 with respect to: (i) each of our directors; (ii) each of the NEOs appearing elsewhere herein; and (iii) all executive officers and directors as a group, based in each case on

information furnished to us by such persons. As used in this Proxy Statement, “beneficial ownership” means that a person has, as of March 27, 2020, or may have within 60 days thereafter, the sole or shared power to vote or direct the voting of a security and/or the sole or shared investment power to dispose of or direct the disposition of a security.

Name	Shares Beneficially Owned (1)	Percent of Class(2)
William M. Cook	5,765(3)	*
Donna M. Costello	-(4)	*
Margaret S. Dano	4,174(5)	*
Matthew L. Duncan	1,543(6)	*
Ronald J. Lane	-(7)	*
Bonnie C. Lind	19,697(8)	*
Timothy S. Lucas	19,824(9)	*
Philip C. Moore	21,904(10)	*
John P. O'Donnell	52,464(11)	*
Byron J. Racki	5,144(12)	*
Julie A. Schertell	6,917(13)	*
Tony R. Thene	1,676(14)	*
Stephen M. Wood	21,483(15)	*
All directors and executive officers as a group (16 persons)	175,977(16)	1.0

-
- (1) Except as otherwise noted, the directors and executive officers, and all directors and executive officers as a group, have sole voting power and sole investment power over the shares listed. Shares of common stock held by the trustee of Neenah's 401(k) Retirement Plan for the benefit of, and which are attributable to our executive officers, are included in the table.
- (2) An asterisk indicates that the percentage of common stock beneficially owned by the named individual does not exceed 1% of the total outstanding shares of our common stock.
- (3) Includes 1,676 shares of common stock issuable upon conversion of restricted stock units that are vested or will vest within 60 days of March 27, 2020.
- (4) Ms. Costello was appointed to the Board of Directors on November 1, 2019.
- (5) Includes 1,676 shares of common stock issuable upon conversion of restricted stock units that are vested or will vest within 60 days of March 27, 2020.
- (6) This total does not include 8,162 Stock Appreciation Rights. On January 14, 2020, Mr. Duncan announced his resignation as Senior Vice President, Chief Human Resources effective as of February 1, 2020.
- (7) Mr. Lane joined the Company on July 24, 2019.
- (8) This total does not include 14,627 Stock Appreciation Rights.
- (9) Includes 1,676 shares of common stock issuable upon conversion of restricted stock units that are vested or will vest within 60 days of March 27, 2020. This total does not include 1,430 Stock Appreciation Rights.
- (10) Includes 1,676 shares of common stock issuable upon conversion of restricted stock units that are vested or will vest within 60 days of March 27, 2020.
- (11) This total does not include 98,199 Stock Appreciation Rights. Mr. O'Donnell will retire as President and Chief Executive Officer and is not standing for re-election as director at the 2020 Annual Meeting.
- (12) This total does not include 11,433 Stock Appreciation Rights.
- (13) This total does not include 36,917 Stock Appreciation Rights.
- (14) Includes 1,676 shares of common stock issuable upon conversion of restricted stock units that are vested or will vest within 60 days of March 27, 2020.
- (15) Includes 1,676 shares of common stock issuable upon conversion of restricted stock units that are vested or will vest within 60 days of March 27, 2020.
- (16) On July 1, 2014 the Company converted all outstanding Stock Options to Stock Appreciation Rights which are not included in the calculation of beneficial ownership. Stock Appreciation Rights are disclosed in detail under the "Outstanding Equity Awards at 2019 Fiscal Year-End" section of this Proxy Statement.

Third Parties

The following table sets forth information regarding the beneficial ownership of our common stock as of December 31, 2019 for each person known to us to be the beneficial owner of more than 5% of our outstanding common stock.

Name and Address of Beneficial Owner	Common Stock Beneficially Owned	
	Shares Beneficially Owned (1)	Percent of Class (2)
Blackrock, Inc. 55 East 52nd Street New York, NY 10055	2,562,158 (1)	15.2%
Wells Fargo & Company 420 Montgomery St. San Francisco, CA 94163	1,445,226 (2)	8.59%
Macquarie Investment Management Holdings, Inc 2005 Market Street Philadelphia, PA 19103 (4)	1,143,168 (3)	6.80%
The Vanguard Group 100 Vanguard Blvd. Malverne, PA 19355	1,093,427 (5)	6.50%
Wellington Management Group LLP 280 Congress Street Boston, MA 02210	1,093,610 (6)	6.50%

(1) The amount shown and the following information is derived from the Schedule 13G filed by Blackrock, Inc. on February 4, 2020, reporting beneficial ownership as of December 31, 2019. Of the 2,562,158 shares reported, Blackrock, Inc. reported sole dispositive power over all 2,562,158 shares and sole voting power over 2,526,760 shares.

(2) The amount shown and the following information is derived from the Schedule 13G filed by Wells Fargo & Company, on behalf of itself and certain subsidiaries named therein, on January 24, 2020, reporting beneficial ownership as of December 31, 2019. Of the 1,445,226 shares reported by Wells Fargo & Company, the filing reported Wells Fargo & Company has sole dispositive and voting power over 23,111 of the shares, shared voting power with respect to 226,750 shares, and shared dispositive power with respect to

1,422,115 shares. Of the 1,384,269 shares reported by Wells Capital Management Incorporated, the filing reported Wells Capital Management Incorporated has shared voting power with respect to 1,310,483 of the shares and has shared dispositive power with respect to all 1,384,269 shares. Of the 1,109,779 shares reported by Wells Fargo Funds Management, LLC, the filing reported Wells Fargo Funds Management, LLC has shared voting power with respect to 1,107,865 of the shares and has shared dispositive power with respect to all 1,109,779 shares.

(3) The amount shown and the following information is derived from the Schedule 13G filed by Macquarie Investment Management Holdings, Inc., on behalf

of itself and certain subsidiaries named therein, on February 12, 2020, reporting beneficial ownership as of December 31, 2019. The filing reported 1,143,168 shares are deemed beneficially owned by Macquarie Investment Management Holdings, Inc. and 1,144,798 shares deemed beneficially owned by Macquarie Group Limited and Macquarie Bank Limited as a result of these companies' direct or indirect ownership of Macquarie Bank Limited, Macquarie Investment Management Holdings Inc., and Macquarie Investment Management Business Trust. The filing reported neither Macquarie Group Limited nor Macquarie Bank Limited have any voting or dispositive power, either sole or shared, with respect to any of the 1,144,798 shares. Of the 1,143,168 shares reported by Macquarie Investment Management Holdings, Inc., and Macquarie Investment Management Business Trust, the filing reported Macquarie Investment Management Holdings, Inc., and Macquarie Investment Management Business Trust have sole voting and dispositive power over 1,139,724 of the shares. Of the 1,630 shares reported by Macquarie Investment Management Austria Kapitalanlage AG, the filing reported Macquarie Investment Management Austria Kapitalanlage AG has sole voting and dispositive power with respect to all 1,630 shares.

(4) The principal business address of Macquarie Investment Management Holdings Inc., and Macquarie Investment Management Business Trust was reported as 2005 Market Street, Philadelphia, PA 19103. The principal business address of Macquarie Investment Management Austria Kapitalanlage AG was reported as L3, Kaerntner Strasse, Vienna C4 1010.

(5) The amount shown and the following information is derived from the Schedule 13G filed by The Vanguard Group on February 10, 2020, reporting beneficial ownership as of December 31, 2019. Of the 1,093,427 shares reported, The Vanguard Group reported sole dispositive power over 1,060,025 of the shares, shared voting power with respect to 3,500 shares, shared dispositive power with respect to 33,402 shares, and sole voting power over 31,717 shares.

(6) The amount shown and the following information is derived from the Schedule 13G filed by Wellington Management Group LLP, on behalf of itself and certain subsidiaries named therein, on January 27, 2020, reporting beneficial ownership as of December 31, 2019. Of the 1,093,610 shares reported by Wellington Management Group LLP, the filing reported Wellington Management Group LLP has shared voting power with respect to 988,814 shares and shared dispositive power with respect to all 1,093,610 shares. Of the 1,093,610 shares shown reported by Wellington Group Holdings LLP, the filing reported Wellington Group Holdings LLP has shared voting power with respect to 988,814 shares and shared dispositive power with respect to all 1,093,610 shares. Of the 1,093,610 shares shown reported by Wellington Investment Advisors Holdings LLP, the filing reported Wellington Investment Advisors Holdings LLP has shared voting power with respect to 988,814 shares and shared dispositive power with respect to all 1,093,610 shares. Of the 1,084,270 shares reported by Wellington Management Company LLP, the filing reported Wellington Management Company LLP has shared voting power with respect to 979,474 shares and shared dispositive power with respect to all 1,084,270 shares.

STOCKHOLDERS' PROPOSALS FOR 2021 ANNUAL MEETING

Proposals of stockholders, excluding nominations for the Board, intended to be presented at the 2021 Annual Meeting should be submitted by certified mail, return receipt requested, and must be received by us at our executive offices in Alpharetta, Georgia, on or before December 10, 2020, the date that is 120 calendar days prior to the first anniversary of the date that this Proxy Statement is released to stockholders, to be eligible for inclusion in our Proxy Statement and form of proxy relating to that meeting and to be introduced for action at the 2021 Annual Meeting. In the event that the date of the 2021 Annual Meeting is changed more than thirty days from the date of this year's meeting, notice by stockholders should be received no later than (i) the close of business on the later of the 150th calendar day prior to the 2021 meeting, or (ii) the 10th calendar day on which public announcement of the date of such meeting is first made.

Any stockholder proposal must be in writing and must comply with Rule 14a - under the Exchange Act and must set forth (i) a description of the business desired to be brought before the meeting and the reasons for conducting the business at the meeting; (ii) the name and address, as they appear on our books, of the stockholder submitting the proposal; (iii) the class and number of shares that are beneficially owned by such stockholder; (iv) the dates on which the stockholder acquired the shares; (v) documentary support for any claim of beneficial ownership as required by Rule 14a-8; (vi) any material interest of the stockholder in the proposal; (vii) a statement in support of the proposal; and (viii) any other information required by the rules and regulations of the SEC. Stockholder nominations for the Board must comply with the procedures set forth above under "Corporate Governance—Nomination of Directors."

The failure of a stockholder to deliver a proposal in accordance with the requirements of the preceding paragraphs may result in it being excluded from our Proxy Statement and ineligible for consideration at the 2021 Annual Meeting. Further, the submission of a proposal in accordance with the requirements of the preceding paragraph does not guarantee that we will include it in our Proxy Statement or that it will be eligible for consideration at the 2021 Annual Meeting. We strongly encourage any stockholder interested in submitting a proposal to contact our Corporate Secretary in advance of the submission deadline to discuss the proposal.

HOUSEHOLDING OF NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS

The SEC's proxy rules permit companies and intermediaries, such as brokers and banks, to satisfy delivery requirements for Notices, and if applicable, the proxy statements and annual reports, with respect to two or more stockholders sharing the same address by delivering a single Notice to those stockholders. This method of delivery, often referred to as householding, should reduce the amount of duplicate information that stockholders receive and lower printing and mailing costs for companies. Neenah and certain intermediaries are householding Notices, and if applicable, proxy statements and annual reports, for stockholders of record in connection with its 2020 Annual Meeting. This means that:

- Only one Notice, if applicable, Proxy Statement and Annual Report on Form 10-K for the 2020 Annual Meeting, will be delivered to multiple stockholders sharing an address unless you notify your broker or bank to the contrary;
- You can contact Neenah by calling 678-566-6500 or by writing to INVESTOR RELATIONS, Neenah, Inc., at 3460 Preston Ridge Road, Preston Ridge III, Suite 600, Alpharetta, Georgia 30005 to request a separate copy of the Notice, and if applicable, Proxy Statement and Annual Report on Form 10-K for the 2020 Annual Meeting and for future meetings or, if you are currently receiving multiple copies, to receive only a single copy in the future or you can contact your bank or broker to make a similar request; and
- You can request delivery of a single copy of the Notice, and if applicable, Proxy Statement and Annual Report on Form 10-K for the 2020 Annual Meeting, from your bank or broker if you share the same address as another Neenah stockholder and your bank or broker has determined to household proxy materials.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act and rules and regulations of the SEC thereunder require our directors, officers, and persons who beneficially own more than 10% of our common stock, as well as certain affiliates of such persons, to file initial reports of their ownership of our common stock and subsequent reports of changes in such ownership with the SEC. Directors, officers, and persons owning more than 10% of our common stock are required by SEC rules and regulations to furnish us with copies of all Section 16(a) reports they file. Based solely on our review of the copies of such reports received by us and on information provided by the reporting persons, we believe that during 2019, our directors, officers, and owners of more than 10% of our common stock complied with all applicable filing requirements.

OTHER MATTERS THAT MAY COME BEFORE THE ANNUAL MEETING

Our Board knows of no matters other than those referred to in the accompanying Notice of Annual Meeting of Stockholders which may properly come before the Annual Meeting. However, if any other matter should be properly presented for consideration and vote at the Annual Meeting or any adjournment(s) thereof, it is the intention of the persons named as proxies on the enclosed form of proxy card to vote the shares represented by all valid proxy cards in accordance with their judgment of what is in the best interest of Neenah and its stockholders.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2019

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-32240



(Exact name of registrant as specified in its charter)

Delaware

20-1308307

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

3460 Preston Ridge Road

Alpharetta Georgia

30005

(Address of Principal Executive Offices)

(Zip Code)

Registrant's telephone number, including area code: (678) 566-6500

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock — \$0.01 Par Value	NP	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the registrant's common stock held by non-affiliates on June 30, 2019 (based on the closing stock price on the New York Stock Exchange) on such date was approximately \$955,454,000.

As of February 18, 2020, there were 16,848,000 shares of the Company's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information contained in the definitive proxy statement for the Company's Annual Meeting of Stockholders to be held on May 21, 2020 is incorporated by reference into Part III hereof.

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PART I

In this report, unless the context requires otherwise, references to "we," "us," "our," "Neenah" or the "Company" are intended to mean Neenah, Inc., its consolidated subsidiaries and predecessor companies.

Item 1. Business

Overview

Neenah is a specialty materials company organized into two primary businesses: a performance-based technical products business and a premium fine paper and packaging business.

Our technical products business is a leading international producer of transportation, water and other filter media and durable, saturated and coated substrates for a variety of end markets. We focus on categories where we believe we are, or can be, a market leader. These categories include filtration media for transportation, water and other end use applications, backings for specialty tapes and abrasives, performance labels, digital image transfer papers, and other custom engineered materials. Our products are typically used in high performance applications where our customers require specific standards and qualifications. Our dedicated technical products manufacturing facilities are located in Weidach and Bruckmühl, Germany, Eerbeek, Netherlands, Bolton, England, Munising, Michigan, and Pittsfield, Massachusetts.

Our fine paper and packaging business is a leading supplier of premium printing, packaging, and other high-end specialty papers predominantly in North America. Our products include some of the most recognized and preferred brands in North America, where we enjoy leading market positions in many of our product categories. Often these papers are characterized by distinctive finishing, colors, textures and coating. We sell our products primarily to authorized paper distributors, as well as through converters, major national retailers and specialty businesses. Our dedicated fine paper and packaging manufacturing facilities are located in Whiting and Neenah, Wisconsin, and Great Barrington, Massachusetts.

In addition, certain products of both businesses are manufactured in shared facilities located in Brownville and Lowville, New York, Appleton, Wisconsin, and Quakertown, Pennsylvania. For a description of our facilities, see Item 2, "Properties."

History of the Businesses

Neenah was incorporated in April 2004 in contemplation of the spin-off by Kimberly-Clark Corporation ("Kimberly-Clark") of its technical products and fine paper businesses in the United States and its Canadian pulp business (collectively, the "Pulp and Paper Business"). We had no material assets or activities until Kimberly-Clark's transfer to us of the Pulp and Paper business on November 30, 2004. On that date, Kimberly-Clark completed the distribution of all of the shares of our common stock to the stockholders of Kimberly-Clark.

Former Pulp Operations. Our former pulp operations consisted of mills located in Terrace Bay, Ontario and Pictou, Nova Scotia and approximately 975,000 acres of related woodlands. We disposed of these mills and woodlands in a series of transactions from 2006 through 2010.

Technical Products. The Munising, Michigan mill was purchased by Kimberly-Clark in 1952. Subsequent to the purchase, the mill was converted to produce durable, saturated and coated papers for sale and use in a variety of industrial applications for our technical products business.

In October 2006, we purchased the outstanding interests of FiberMark Services GmbH & Co. KG and the outstanding interests of FiberMark Beteiligungs GmbH (collectively "Neenah Germany"). At acquisition, the Neenah Germany assets consisted of three mills located in Weidach, Bruckmühl and Lahnstein, Germany. These mills produce a wide range of products, including transportation filter media, nonwoven wall coverings, masking and other tapes, abrasive backings, and specialized printing and coating substrates. In October 2015, we sold the Lahnstein mill to the Kajo Neukirchen Group. The Lahnstein mill had been manufacturing nonwoven wallcoverings and various other specialty papers.

In July 2014, we purchased all of the outstanding equity of Crane Technical Materials, Inc. from Crane & Co., Inc. The acquired business provides performance-oriented wet laid nonwoven media for water filtration end markets as well as environmental, energy and industrial uses. The business has two manufacturing facilities in Pittsfield, Massachusetts.

In November 2017, we purchased all of the outstanding equity of Neenah Coldenhove B.V. ("Neenah Coldenhove"). The acquired business is a specialty materials manufacturer with a leading position in digital transfer media and other technical products. The business has one manufacturing facility in Eerbeek, Netherlands. See Note 4 of Notes to Consolidated Financial Statements, "Acquisitions."

Fine Paper and Packaging. The fine paper and packaging business was incorporated in 1885 as Neenah Paper Company, which initially operated a single paper mill in Neenah, Wisconsin. Kimberly-Clark acquired the mill in 1956. In 1981, Kimberly-Clark purchased an additional mill located in Whiting, Wisconsin and in the late 1980s and early 1990s, the capacity of the fine paper and packaging business was expanded by building two new paper machines at the Whiting mill and completing a major expansion of the Neenah facility with the installation of a new paper machine, finishing center, customer service center and an expanded distribution center.

In the first of the series of consolidating acquisitions, in March 2007, we acquired the assets and brands of Neenah Paper FR, LLC ("Fox River") (including our mill located in Appleton, Wisconsin). In January 2012, we purchased certain premium fine paper brands and other assets from Wausau Paper Mills, LLC, a subsidiary of Wausau Paper Corp. ("Wausau") and in January 2013, we purchased certain premium business paper brands from the Southworth Company ("Southworth").

In August 2017, we purchased a laminating asset in Great Barrington, Massachusetts to support continued growth in our premium packaging business.

Shared Facilities. In August 2015, we purchased all of the outstanding equity of ASP FiberMark, LLC ("FiberMark"). We added specialty coating and finishing capabilities with this acquisition, particularly in luxury packaging and technical products. The results of operations and assets related to FiberMark are reflected in each of our business segments. These mills are located in Brownville and Lowville, New York, Quakertown, Pennsylvania and Bolton, England. On December 31, 2018, the Company completed the sale of certain equipment, inventory, real property and other specified assets relating to the Company's premium fine paper and office products manufacturing facility located in Brattleboro, Vermont. See Note 13 of Notes to Consolidated Financial Statements, "Sale of Brattleboro Mill and Impairment Loss."

One of the two fine paper machines of the Fox River acquisition located in Appleton, Wisconsin (noted above) was converted to produce filtration products. This business, Neenah Filtration Appleton, began operations in 2017 and produces transportation filtration media.

Business Strategy

Our mission is to create value by improving the image and performance of everything we touch. We expect to create value by growing in specialized niche markets that value performance or image and where we have competitive advantages. In managing our businesses, we believe that achieving and maintaining a leadership position in our markets, responding effectively to customer needs and competitive challenges, employing capital optimally, controlling costs, and managing risks are important to our long-term success. Strategies to deliver value include:

Enhance our leading positions in high value core categories — We will increase our participation in niche markets that can provide us with leading positions and value our core competencies in performance-based fiber and non-woven media production, coating and saturating. Key markets include transportation filtration, specialty backings and technical products, and premium fine paper and packaging.

Increasing our size, growth rate and portfolio diversification — We will invest and focus resources in higher growth specialty markets such as filtration, digital image transfer, and premium packaging, to grow with customers in new products and geographies and to enter into adjacent markets that are growing and profitable. We will do this both through organic initiatives that build on our technologies and capabilities, and through acquisitions that fit with our competencies and provide attractive financial returns.

Delivering consistent, attractive returns to our shareholders — We will continue to use Return on Invested Capital ("ROIC") as a key metric to evaluate investment decisions and measure our performance, and will also maintain a prudent capital structure and deploy cash flows in ways that can provide value, including direct cash returns to shareholders through a meaningful dividend.

Products

Technical Products. Our technical products business is a leading international producer of fiber-formed, durable, coated and/or saturated specialized media that delivers high performance benefits to customers, such as filtration media for transportation, water and other filtration markets, and saturated and coated performance materials used for specialty tapes, abrasives, performance labels, digital image transfer, and a variety of other end markets. Typically, our technical products are sold to other manufacturers as key components for their finished products. Many of our key market segments served, including filtration and specialty backings for tape and abrasives, are global in scope. JET-PRO®SofStretch™, KIMDURA®, PREVAIL™, NEENAH®, and GESSNER® are some of the brands of our technical products business.

The following is a description of certain key products and markets:

Filtration media for transportation, including induction air, fuel, oil and cabin air applications. Transportation filtration media are sold to filter manufacturers who in turn supply automotive and other companies with filters used as original equipment on new cars and trucks as well as to the aftermarket, which is a recurring sale and represents the large majority of our sales.

Filtration media for water and other industrial end markets. Primary applications include reverse osmosis, catalytic conversion, nanofiltration, ultrafiltration, pervaporation and vapor permeation, as well as other applications for specialty markets.

Specialty backings, including (a) saturated and unsaturated crepe and flat paper tapes sold to manufacturers to produce finished pressure sensitive products for sale in automotive, transportation, manufacturing, building construction, and industrial general purpose applications, including sales in the consumer do-it-yourself retail channel and (b) coated lightweight abrasive paper used in the automotive, construction, metal and woodworking industries for both dry and wet sanding applications.

Digital image transfer media used to transfer digital images onto clothing, sportswear, and other materials. A fiber-based sheet undergoes various coatings to impart required performance. Digital transfer papers are also used to digitally print images from paper to clothing, hats, coffee mugs, and other surfaces.

Label and tag products made from both saturated base label stock and synthetic base label stock, with coatings applied to allow for high quality digital printing. Label and tag stock is sold to pressure sensitive coaters, who in turn sell the coated label and tag stock to the label printing community.

Other latex saturated and coated papers for use by a wide variety of manufacturers. Premask paper is used as a protective over wrap for products during the manufacturing process and for applying signs, labeling and other finished products. Medical packaging paper is typically a polymer impregnated base sheet that provides a breathable sterilization barrier that provides unique properties.

Publishing and security papers used to produce book covers, stationery, and passports. Other specialty products include clean room papers, release papers and furniture backers.

Fine Paper and Packaging. Our fine paper and packaging business manufactures and sells world-class branded premium writing, text, cover and specialty papers and envelopes used in high-end commercial printing services, corporate identity packages, and advertising collateral. In addition, we produce premium packaging, high end beverage labels and other forms of packaging, as well as wide format applications used for display graphics and indoor/outdoor signage. Often these papers are characterized by finishing, colors, textures, and distinctive coating.

The following is a description of certain key products and markets:

Commercial printing papers, including premium writing, text and cover papers and envelopes. Uses include advertising collateral, stationery, corporate identity packages and brochures, pocket folders, annual reports, advertising inserts, direct mail, business cards, scrapbooks, and a variety of other uses where colors, texture, coating, unique finishes or heavier weight papers are desired. Our market leading brands in this category include CLASSIC®, CLASSIC CREST®, ENVIRONMENT®, ROYAL SUNDANCE®, SOUTHWORTH®, and TOUCHE® trademarks. Our fine paper and packaging business has an exclusive agreement to market and distribute Gruppo Cordenons SpA's SO...SILK®, PLIKE® and STARDREAM® branded fine papers in the U.S. and Canada. The fine paper and packaging business also sells private

watermarked paper and other specialty writing, text, and cover papers. Additionally, the fine paper and packaging business provides leading solutions in the wide format arena, led by its Neenah Wide Format® and CONVERD® brands.

Bright papers used in applications such as direct mail, advertising inserts, scrapbooks and marketing collateral. Our brands in this category include ASTROBRIGHTS®. Additionally, business papers for professionals and small businesses are sold under our Southworth® brand through major retailers.

Consumer products, such as bright papers, cardstock, stationary paper and envelopes are sold to national retailers like Staples, Office Depot, Walmart and Amazon. Our brands in this category include ASTROBRIGHTS®, SOUTHWORTH®, and Neenah® Bright White.

Premium packaging products used for wine, spirits and beer labels, folding cartons, box wrap, bags, hang tags, and stored value cards servicing high-end retail, cosmetics, spirits, and electronics end-use markets. Our market leading brands in these categories include NEENAH® Folding Board, ESTATE LABEL®, Neenah® Box Wrap, and IMAGEMAX® Paper Card.

The fine paper and packaging business also produces and sells other specialty papers such as translucent papers, art papers, papers for optical scanning and other specialized applications.

Markets and Customers

Technical Products. The technical products business sells its products globally to other manufacturers who convert our product for sale into product categories generally used as base materials in the following applications: filtration, component backing materials for manufactured products such as tape and abrasives, and other specialized product uses such as graphics and identification.

Our products are generally used in markets that are directly affected by economic business cycles. Certain market segments such as image transfer papers used in small/home office and consumer applications are relatively stable. Most products are performance-based and require extended qualification by customers; however, certain categories may also be subject to price competition and the substitution of lower cost substrates for some less demanding applications.

The technical products business relies on a team of direct sales representatives and customer service representatives to market and sell a large majority of its sales volume directly to customers and converters.

The technical products business has more than 1,000 customers worldwide. The distribution of sales in 2019 was approximately 44 percent in North America, 38 percent in Europe, and 18 percent in Asia and Latin America. Customers typically convert and transform base papers and film into finished rolls and sheets by adding adhesives, coatings, and finishes. These transformed products are then sold to end-users.

Fine Paper and Packaging. We believe our fine paper and packaging business is a leading supplier of premium printing, packaging, and other high-end specialty papers predominantly in North America. These products are used in high-end commercial printing services, corporate identity packages, and advertising collateral. Our premium packaging business includes products such as food and beverage labels and high-end packaging materials such as folding cartons and box wrap used for luxury retail goods. In addition, we produce wide format applications used for display graphics and indoor/outdoor signage. Bright papers are generally used by consumers for flyers, direct mail and packaging.

The fine paper and packaging business has over 450 customers worldwide. The fine paper and packaging business sells its products in a variety of channels including authorized paper distributors, converters, major national retailers, specialty business converters, and direct to end users. Sales to distributors account for approximately 50 percent of net sales in the fine paper and packaging business. During 2019, approximately 11 percent of the net sales of our fine paper and packaging business were exported to markets outside the United States.

Concentration. For the year ended December 31, 2019, sales to the technical products business' largest customer represented approximately 8 percent of consolidated net sales, and approximately 14 percent of net sales for the technical products segment. For the years ended December 31, 2018, and 2017, there were no customers sales to which constituted over 10 percent of segment net sales for technical products. For the fine paper and packaging business, for year ended December 31, 2019, sales to the largest customer represented approximately 8 percent of consolidated net sales, and approximately 18 percent of net sales of the fine paper and packaging segment. For the year ended December 31, 2018, sales to the two largest customers of the fine paper and packaging business represented approximately 7 percent and 5

percent, respectively, of consolidated net sales and approximately 16 percent and 12 percent, respectively, of net sales of the fine paper and packaging segment. For the year ended December 31, 2017, sales to the two largest customers of the fine paper and packaging each represented approximately 7 percent of consolidated net sales and approximately 15 percent of net sales of the fine paper and packaging segment. We practice limited sales distribution to improve our ability to control the marketing of our products. Although a complete loss of these customers would cause a temporary decline in the respective business's sales volume, the decline could be partially offset by expanding sales to existing customers, and further offset over a several month period with the addition of new customers.

Competition

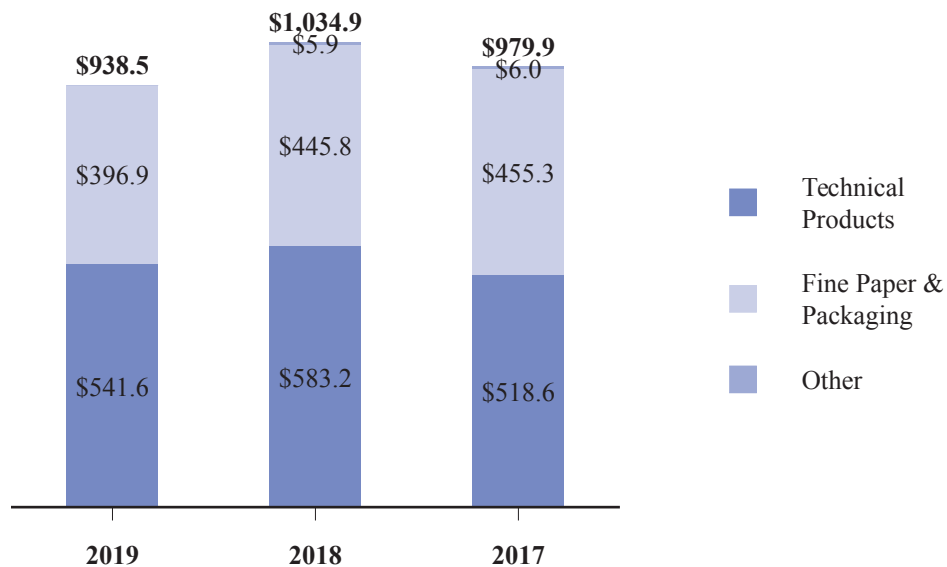
Technical Products. Our technical products business competes in global markets with a number of large multinational competitors, including Ahlstrom-Munksjö, ArjoWiggins SAS and Hollingsworth & Vose Company. It also competes in some, but not all, of these segments with smaller regional manufacturers, such as Monadnock Paper Mills, Inc. and Potsdam Specialty Paper, Inc. We believe the bases of competition in most of these categories are the ability to design and develop customized product features to meet customer performance specifications while maintaining quality, customer service and a competitive price. We believe our research and development program gives us an advantage in customizing base papers and developing advanced filter media to meet customer needs.

Fine Paper and Packaging. Our fine paper and packaging business is a leading supplier of premium printing and other high-end specialty papers in North America. Our fine paper and packaging business also competes in the premium segment of the uncoated free sheet market. The fine paper and packaging business competes directly in North America with Mohawk Fine Paper Inc. We believe the primary bases of competition for premium fine papers are product quality, customer service, product availability, promotional support, variety of colors and textures, and brand recognition. Price also can be a factor particularly for lower quality printing needs that may compete with opaque and offset papers. We have and will continue to invest in advertising and other programs aimed at graphic designers, printers and corporate end-users in order to maintain a high level of brand awareness as well as communicate the advantages of using our products.

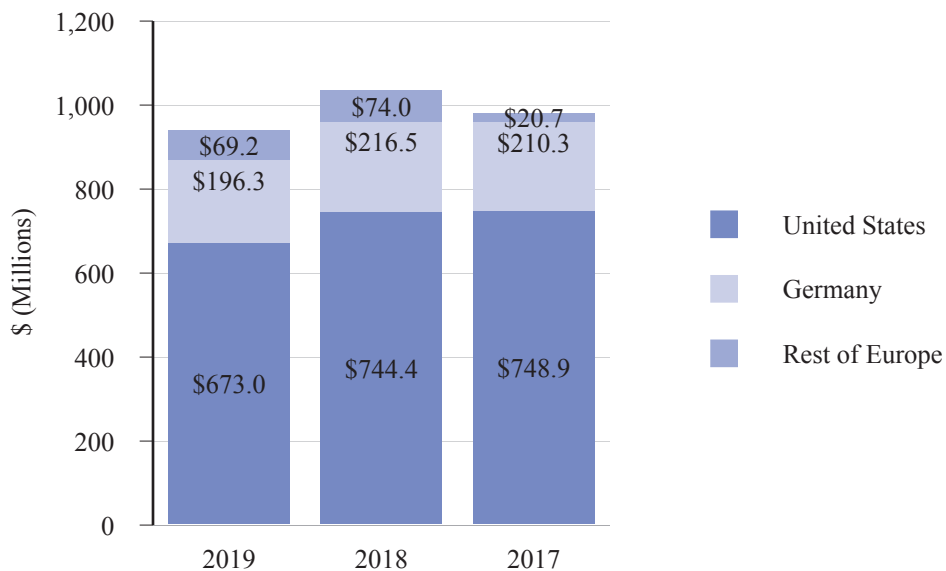
Our premium packaging business is focused on high-end packaging needs in end market verticals like beauty products, spirits and retail. Primary bases of competition are similarly product quality, customer service, product availability, a variety of colors and textures, and brand recognition. Premium packaging is primarily a North American business, but we also sell to customers in Asia and other markets outside the U.S. We believe the premium packaging market to be highly fragmented, with multiple competitors, many of which produce premium packaging products as a small subset of larger packaging operations.

The following graphs present further information about net sales by business, geographic area and product line (dollars in millions):

Net Sales by Business

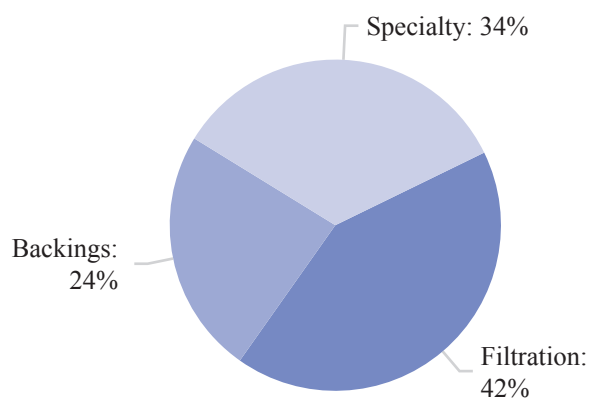


Net Sales by Geographic Region (in Millions)

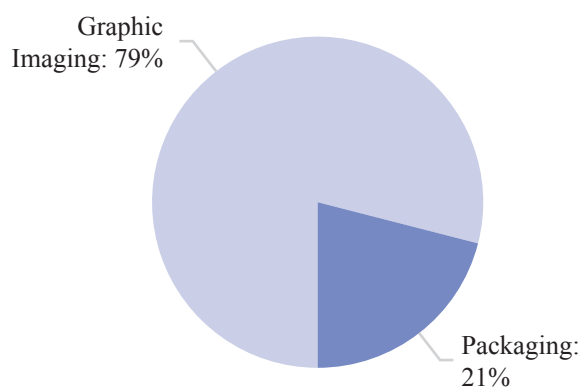


2019 Net Sales by Product Line

Technical Products



Fine Paper & Packaging



Net sales are attributed to geographic areas based on the physical location of the Neenah selling entity. See Note 14 of Notes to Consolidated Financial Statements, "Business Segment and Geographic Information", for information with respect to net sales, operating income and long-lived assets by business segment and location.

Backlog and Seasonality

Technical Products. In general, sales and operating income for the technical products business have been relatively stronger in the first half of the year with reductions in the third quarter due to reduced customer converting schedules and in the fourth quarter due to a reduction in year-end inventory levels by our customers. The order flow for the technical products business is subject to seasonal peaks for several of its products, such as the larger volume grades of specialty tape, abrasives, premask, and label stock used primarily in the downstream finished goods manufacturing process. To assure timely shipments during these seasonal peaks, the technical products business provides certain customers with finished goods inventory on consignment. The technical products business periodically experiences periods where order entry levels surge, and order backlogs can increase substantially. Raw materials are purchased and manufacturing schedules are planned based on customer forecasts, current market conditions and individual orders for custom products. The order backlog in the technical products business on December 31, 2019 was approximately \$118.8 million and represented approximately 22 percent of current year sales. The order backlog in the technical products business on December 31, 2018 was approximately \$119.1 million and represented approximately 21 percent of sales in 2018. We previously filled the order backlog from December 31, 2018 and expect to fill the order backlog from December 31, 2019 within the next year.

Fine Paper and Packaging. The fine paper and packaging business has historically not experienced seasonality. Orders for stock products are typically shipped within two days, while custom orders are shipped within two to three weeks of receipt. Raw material purchases and manufacturing schedules are planned based on a combination of historical trends, customer forecasts and current market conditions. The order backlogs in the fine paper and packaging business on December 31, 2019 and 2018 were \$16.3 million and \$17.6 million, respectively, which represent approximately 14-15 days of sales. The order backlogs from December 31, 2019 and 2018 were filled in the respective following years.

The operating results for both of our businesses are influenced by the timing of our annual maintenance downs, which are generally scheduled in the third quarter.

Raw Materials

Technical Products. Softwood pulp, specialty pulps and fibers, and latex are the primary raw materials consumed by our technical products business. The technical products business purchases softwood pulp, specialty pulp and fibers, and latex from various external suppliers. We believe that all of the raw materials for our technical products operations, except for certain specialty latex grades and specialty pulps, are readily available from several sources and that the loss of a single supplier would not cause a shutdown of our manufacturing operations.

Our technical products business acquires all of its specialized pulp requirements from two global suppliers and certain critical specialty latex grades from four suppliers. In general, these supply arrangements are covered by formal contracts, and represent multi-year business relationships that have historically been sufficient to meet our needs. We expect these relationships to continue to operate in a satisfactory manner in the future. In the event of an interruption of production at any one supplier, we believe that each of these suppliers individually would be able to satisfy our short-term requirements for specialized pulp or specialty latex. In the event of a long-term disruption in our supply of specialized pulp or specialty latex, we believe we would be able to substitute other pulp grades or other latex grades that would allow us to meet required product performance characteristics and incur only a limited disruption in our production. As a result, we do not believe that the substitution of such alternative pulp or latex grades would have a material effect on our operations.

Fine Paper and Packaging. Hardwood pulp is the primary raw material used to produce products of the fine paper and packaging business. Other significant raw material inputs in the production of fine paper and packaging products include softwood pulp, recycled fiber, cotton fiber, dyes and fillers. The fine paper and packaging business purchases all of its raw materials externally. We believe that all of the raw materials for our fine paper and packaging operations are readily available from several sources and that the loss of a single supplier would not cause a shutdown of our manufacturing operations.

Working Capital

Technical Products. The technical products business maintains approximately 20 to 25 days of raw materials and supplies inventories to support its manufacturing operations and approximately 30 to 35 days of finished goods inventory to support customer orders for its products. Sales terms in the technical products business vary depending on the type of product sold and customer category. Extended credit terms of up to 120 days are offered to customers located in certain international markets. In general, sales are collected in approximately 45 to 55 days and supplier invoices are paid within 20 to 25 days.

Fine Paper and Packaging. The fine paper and packaging business maintains approximately 9 days of raw material inventories to support its paper making operations and about 52 days of finished goods inventory to fill customer orders. Fine paper and packaging sales terms range between 20 and 30 days with discounts of 0 to 2 percent for customer payments, with discounts of 1 percent and 20-day terms used most often. Extended credit terms are offered to customers located in certain international markets. Supplier invoices are typically paid within 60 days.

Energy and Water

The equipment used to manufacture the products of our technical products and fine paper and packaging businesses uses significant amounts of energy, primarily electricity, natural gas, oil and coal. We have the ability to generate substantially all of our electrical energy at the Munising mill and approximately 25 percent of the electrical energy at our mills in Appleton, Wisconsin and Bruckmühl, Germany. We also purchase electrical energy from external sources, including electricity generated from renewable sources.

Availability of energy is not expected to be a problem in the foreseeable future, but the purchase price of such energy can and likely will fluctuate significantly based on changes in demand and other factors.

An adequate supply of water is needed to manufacture our products. We believe that there is an adequate supply of water for this purpose at each of our manufacturing locations.

Research and Development

Our technical products business maintains research and development laboratories in Feldkirchen-Westerham, Germany, Eerbeek, Netherlands, Munising, Michigan, Pittsfield, Massachusetts, and Appleton, Wisconsin to support its strategy of developing new products and technologies, and to support growth in its existing product lines and other strategically important markets. We also have a research and development laboratory in East Longmeadow, Massachusetts that supports both our technical products and fine paper and packaging businesses. We have continually invested in product research and development with spending of \$8.7 million in 2019, \$9.2 million in 2018 and \$8.9 million in 2017.

Intellectual Property

We own more than 100 granted patents and have multiple pending patent applications in the United States, Canada, Europe and certain other countries covering image transfer paper, abrasives and medical packaging, and other paper application and media processing. We also own more than 150 trademarks with registrations in approximately 80 countries. Our image transfer patents have contributed to establishing the technical products business as a leading global supplier of image transfer papers through our highly recognized JET-PRO®, JET-OPAQUE®, TECHNI-PRINT®, LASER-1-OPAQUE® and IMAGE CLIP® brands. We add even more depth and strength to our technical products portfolio with the well-recognized dye-sublimation JETCOL® brand, which is also supported by patented technology, as well as our recently launched TEXCOL™ brand, which enables industrial transfer on natural substrates, supported by a pending patent. The KIMDURA® and MUNISING LP® trademarks have also made a significant contribution to the marketing of synthetic film and clean room papers for our technical products business.

For more than 100 years, Neenah's fine paper and packaging business has built its market leading reputation on creating and manufacturing trademarked brands for premium writing, text, cover, digital, packaging, and specialty needs. The Neenah signature portfolio includes innovative, market leading brands such as CLASSIC® (including CLASSIC CREST®, CLASSIC® Linen, CLASSIC® Laid, CLASSIC COLUMNS®, CLASSIC® Stipple, CLASSIC® Woodgrain, and CLASSIC® Techweave), ASTROBRIGHTS®, ENVIRONMENT®, ROYAL SUNDANCE®, SOUTHWORTH® and many more. Our fine paper and packaging business provides unique and sustainable packaging papers, as well as custom solutions for premium packaging needs. With brands that stand for quality and consistency, such as NEENAH® Folding Board, NEENAH® Box Wrap, ESTATE LABEL®, and NEENAH IMAGEMAX® Paper Card, our fine paper and packaging business enables leading brands to deliver on their promise. The business accordingly maintains a well-rounded and respected portfolio of brands that position Neenah as an industry leader, setting standards for quality, consistency, and dependability.

Neenah also has significant trademarks recognized in both the publishing and packaging markets, including SKIVERTEX® and KIVAR®.

The GESSNER® trademark has played an important role in the marketing of Neenah's filtration product lines. With the expansion of our filtration facility in Appleton, Wisconsin, Neenah expects increased recognition of this brand domestically and internationally.

Employee and Labor Relations

As of December 31, 2019, we had approximately 2,324 regular full-time employees of whom 995 hourly and 513 salaried employees were located in the United States and 385 hourly and 431 salaried employees were located in Europe.

Certain employees of Neenah Germany are eligible to be represented by the Mining, Chemicals and Energy Trade Union, Industriegewerkschaft Bergbau, Chemie and Energie (the "IG BCE"). The IG BCE and a national trade association representing all employers in the industry signed a collective bargaining agreement covering union employees of Neenah Germany that expires in August 2020. Under German law union membership is voluntary and does not need to be disclosed to the Company. As a result, the number of employees covered by the collective bargaining agreement with the IG BCE cannot be determined. In Netherlands, most of our employees are eligible to be represented by the Christelijke Nationale Vakbond ("CNV") and the Federatie Nederlandse Vakvereniging ("FNV"). Under Netherlands law, union membership is voluntary and does not need to be disclosed to the Company.

As of December 31, 2019, no employees are covered under collective bargaining agreements that expire in the next 12 months, not including the employees covered by the collective bargaining arrangements with the IG BCE and CNV and FNV.

We believe we have satisfactory relations with our employees covered by collective bargaining agreements and do not expect the negotiation of new collective bargaining agreements to have a material effect on our results of operations or cash flows. See Note 12 of Notes to Consolidated Financial Statements, "Commitments, Contingencies, and Legal Matters — Employees and Labor Relations."

Environmental, Health and Safety Matters

Our operations are subject to federal, state and local laws, regulations and ordinances relating to various environmental, health and safety matters. We believe our operations are in compliance with, or we are taking actions designed to ensure compliance with, these laws, regulations and ordinances. However, the nature of our operations exposes us to the risk of claims concerning non-compliance with environmental, health and safety laws or standards, and there can be no assurance that material costs or liabilities will not be incurred in connection with those claims. Except for certain orders issued by environmental, health and safety regulatory agencies with which we believe we are in compliance and which we believe are immaterial to our financial condition, results of operations and liquidity, we are not currently named as a party in any judicial or administrative proceeding relating to environmental, health and safety matters.

Greenhouse gas ("GHG") emissions have increasingly become the subject of political and regulatory focus. Concern over potential climate change, including global warming, has led to legislative and regulatory initiatives directed at limiting GHG emissions. In addition to certain federal proposals in the United States to regulate GHG emissions, Germany, the United Kingdom ("U.K.") and all the states in which we operate are currently considering GHG legislation or regulations, either individually and/or as part of regional initiatives. While not all are likely to become law it is reasonably possible that additional climate change related mandates will be forthcoming, and it is expected that they may adversely impact our costs by increasing energy costs and raw material prices, requiring operational or equipment modifications to reduce emissions and creating costs to comply with regulations or to mitigate the financial consequences of such compliance.

While we have incurred in the past several years, and will continue to incur, capital and operating expenditures in order to comply with environmental, health and safety laws, regulations and ordinances, we believe that our future cost of compliance with environmental, health and safety laws, regulations and ordinances, and our exposure to liability for environmental, health and safety claims will not have a material effect on our financial condition, results of operations or liquidity. However, future events, such as changes in existing laws and regulations, new legislation to limit GHG emissions or contamination of sites owned, operated or used for waste disposal by us (including currently unknown contamination and contamination caused by prior owners and operators of such sites or other waste generators) may give rise to additional costs which could have a material effect on our financial condition, results of operations or liquidity.

Our anticipated capital expenditures for environmental projects are not expected to have a material effect on our financial condition, results of operations or liquidity.

Company Structure

Our corporate structure consists of Neenah, Inc. and eight direct wholly-owned subsidiaries.

Neenah, Inc. is a Delaware corporation that holds our trademarks and patents related to all of our U.S. businesses (except Neenah Paper FVC, Inc), all of our U.S. fine paper and packaging inventory, the real estate, mills and manufacturing assets associated with our fine paper and packaging operations in Neenah and Whiting, Wisconsin and all of the equity in our subsidiaries listed below.

Neenah Paper Michigan, Inc. is a Delaware corporation and a wholly owned subsidiary of Neenah that owns the real estate, mill and manufacturing assets associated with our U.S. technical products business in Munising, Michigan.

Neenah Paper FVC, LLC is a Delaware limited liability company and wholly owned subsidiary of Neenah that owns all of the equity of Neenah Paper FR, LLC. Neenah Paper FR, LLC is a Delaware limited liability company that owns the real estate, mill and manufacturing assets associated with our filtration operation in Appleton, Wisconsin and leases the real

estate and owns the manufacturing assets associated with our fine paper and packaging operations in Great Barrington, Massachusetts.

Neenah Paper International Holding Company, LLC is a Delaware limited liability company and wholly owned subsidiary of Neenah that owns all of the equity of Neenah Paper International, LLC. Neenah Paper International, LLC is a Delaware limited liability company that owns all of the equity of Neenah Germany GmbH and in conjunction with Neenah Germany GmbH all of the equity of Neenah Services GmbH & Co. KG.

NPCC Holding Company LLC is a Delaware limited liability company and wholly owned subsidiary of Neenah that owns all of the equity of Neenah Paper Company of Canada ("Neenah Canada"). Neenah Canada is a Nova Scotia unlimited liability corporation that holds certain post-employment liabilities of our former Canadian operations.

Neenah Paper International Finance Company BV is a private company with limited liability organized under the laws of the Netherlands and a wholly owned subsidiary of Neenah that facilitates the financing of our international operations.

Neenah Filtration, LLC is a Delaware limited liability company and wholly owned subsidiary of Neenah that owns all of the equity of Neenah Technical Materials, Inc. ("NTM") and Neenah Filtration Appleton, LLC ("NFA"). NTM is a Massachusetts corporation that owns all of the real estate, mills and manufacturing assets associated with our technical materials business in Pittsfield, Massachusetts. NFA is a Delaware limited liability company that owns certain assets associated with our filtration business in Appleton, Wisconsin.

Neenah FMK Holdings, LLC is a Delaware limited liability company and a wholly owned subsidiary of Neenah that owns all of the equity of ASP FiberMark, LLC. FiberMark is a Delaware limited liability company that owns all of the equity of Neenah Northeast, LLC ("NNE") and Neenah International UK Limited, a United Kingdom corporation ("Neenah UK"). NNE is a Delaware limited liability company that owns certain real estate, mills and manufacturing assets associated with our fine paper and packaging business and technical products business located in Quakertown, Pennsylvania, and Brownville and Lowville, New York. Neenah UK is a United Kingdom corporation that owns all of the equity of Neenah Red Bridge International Limited ("Neenah Red Bridge"). Neenah Red Bridge is a United Kingdom corporation that owns all of the real estate, manufacturing assets and inventory associated with our technical products business in Bolton, England.

Neenah Global Holdings B.V. is a private company with limited liability organized under the laws of the Netherlands and a wholly owned subsidiary of Neenah that owns all of the equity of Neenah Coldenhove Holding BV ("Coldenhove Holding") and Neenah Hong Kong Limited, a limited liability company organized under the laws of Hong Kong ("Neenah Hong Kong"). Coldenhove Holding is a private company with limited liability organized under the laws of the Netherlands that owns all of the equity of Neenah Coldenhove B.V. Neenah Coldenhove is a private company with limited liability organized under the laws of the Netherlands that owns substantially all of the real estate, manufacturing assets and inventory associated with our technical products business in Eerbeek, Netherlands. Neenah Hong Kong provides certain sales and marketing services to Neenah, Inc. and its affiliated entities.

AVAILABLE INFORMATION

We are subject to the reporting requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934. As such, we file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission ("SEC"). Our SEC filings are available to the public on the SEC's web site at www.sec.gov. You may also read and copy any document we file at the SEC's Public Reference Room located at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. Our common stock is traded on the New York Stock Exchange under the symbol "NP". You may inspect the reports, proxy statements and other information concerning us at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

Our web site is www.neenah.com. Information on our web site is not incorporated by reference in this document. Our reports on Form 10-K, Form 10-Q and Form 8-K, as well as amendments to those reports, are and will be available free of charge on our web site as soon as reasonably practicable after we file or furnish such reports with the SEC. In addition, you may request a copy of any of these reports (excluding exhibits) at no cost upon written request to us at: Investor Relations, Neenah, Inc., 3460 Preston Ridge Road, Suite 600, Alpharetta, Georgia 30005.

Item 1A. Risk Factors

You should carefully consider each of the following risks and all of the other information contained in this Annual Report on Form 10-K. Some of the risks described below relate principally to our business and the industry in which we operate, while others relate principally to our indebtedness. The remaining risks relate principally to the securities markets generally and ownership of our common stock.

Our business, financial condition, results of operations or liquidity could be materially affected by any of these risks, and, as a result, the trading price of our common stock could decline. The risks described below are not the only ones we face. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations.

Risks Related to Our Business and Industry

Our business will suffer if we are unable to effectively respond to decreased demand for some of our products due to conditions in the global economy, secular pressures in some markets or consumer preferences.

We have experienced and may experience in the future decreased demand for some of our products due to slowing or negative global economic growth, uncertainty in credit markets, declining consumer and business confidence or preferences, fluctuating commodity prices, increased unemployment and other challenges affecting the global economy. Parts of our fine paper and packaging business are subject to electronic substitution and, for fine paper products in particular, are in secular decline. Our efforts to offset these declines with new fine paper and packaging products and growth in existing fine paper and office products categories are not certain to fully offset the market declines, and an evaluation of the scope of our manufacturing footprint may be required in the future. In addition, our customers may experience deterioration of their businesses, cash flow shortages, and difficulty obtaining financing. If we are unable to implement business strategies to effectively respond to decreased demand for our products, our financial position, cash flows and results of operations would be adversely affected.

Changes in international geopolitical and macro economic conditions generally, and particularly in Germany, could adversely affect our business and results of operations. Fluctuations in the prices of and the demand for products could result in smaller profits and sales.

Our operating results and business prospects could be adversely affected by risks related to the countries outside the United States in which we have manufacturing facilities or sell our products, including Germany, the Eurozone and the U.K. Downturns in economic activity, adverse tax consequences, fluctuations in the value of local currency versus the U.S. dollar, or any change in social, political, macro economic or labor conditions in any of these countries or regions could negatively affect our financial results.

Historically, economic and market shifts, and fluctuations in capacity have created cyclical changes in prices, sales volume and gross profits for products in the paper, packaging and related industries. The length and magnitude of industry cycles have varied over time and by product, but generally reflect changes in macroeconomic conditions and levels of industry capacity. The overall levels of demand for many of our products reflect fluctuations in levels of end-user demand, which depend in large part on general macroeconomic conditions in North America and regional economic conditions in our markets (including Europe, Asia, and Central and South America), as well as foreign currency exchange rates. The foregoing factors could materially and adversely impact our sales, cash flows, profitability and results of operations.

Additionally, changes to the United States' participation in, withdrawal out of, renegotiation of certain international trade agreements or other major trade related issues including the non-renewal of expiring favorable tariffs granted to developing countries, tariff quotas, and retaliatory tariffs (including, but not limited to, the current United States administration's tariffs on China and China's retaliatory tariffs on certain products from the United States), trade sanctions, new or onerous trade restrictions, embargoes and other stringent government controls could have a material adverse effect on our business, results of operations and financial condition.

The availability of and prices incurred for raw materials, energy and transportation services will significantly impact our business.

We purchase a substantial portion of the raw materials, energy, transportation and distribution services (primarily over-the-road freight) and other inputs necessary to produce our products on the open market, and, as a result, the price and other

terms of those purchases are subject to change based on factors such as worldwide supply and demand and government regulation. We do not have significant influence over our raw material, energy or transportation prices and our ability to pass increases in those costs along to our customers through selling price increases may be challenged. We have experienced and may experience in the future significant raw material, energy, transportation and other input cost increases and we may not be able to fully recover these incremental costs through selling price increases or our pricing actions may lag behind due to contractual quarterly adjusters or annual renewals. In addition, we may not be able to recoup other cost increases we may experience, such as those resulting from inflation or from increases in wages or salaries, health care, pension or other employee benefits costs, insurance costs and other costs.

Our technical products business acquires certain of its specialized pulp requirements from two global suppliers and certain critical specialty latex grades from a limited number of suppliers. In general, these supply arrangements are covered by formal contracts and represent multi-year business relationships that have historically been sufficient to meet our needs. We expect these relationships to continue to operate in a satisfactory manner in the future. In the event of an interruption of production at any one supplier, we believe that each of these suppliers individually would be able to satisfy our short-term requirements for specialized pulp or specialty latex. In the event of a long-term disruption in our supply of specialized pulp or specialty latex, we believe we would be able to substitute other pulp grades or other latex grades that would allow us to meet required product performance characteristics and incur only a limited disruption in our production.

Our fine paper and packaging business acquires a substantial majority of the cotton fiber used in the production of certain branded bond paper products pursuant to annual agreements with two North American producers. The balance of our cotton fiber requirements are acquired through spot market purchases from a variety of other producers. We believe that a partial or total disruption in the production of cotton fibers at our two primary suppliers would increase our reliance on spot market purchases with a likely corresponding increase in cost.

Our operating results are likely to fluctuate.

Our operating results are subject to substantial quarterly and annual fluctuations due to a number of factors, many of which are beyond our control. Operating results could be adversely affected by general economic conditions causing a downturn in the market for paper products. Additional factors that could affect our results include, among others, changes in the market price of pulp, other raw materials and distribution/transportation services, the effects of competitive pricing pressures, production capacity levels and manufacturing yields, availability and cost of products from our suppliers, the gain or loss of significant customers, our ability to develop, introduce and market new products and technologies on a timely basis, changes in the mix of products produced and sold, seasonal customer demand, the relative strength of the Euro versus the U.S. dollar, increasing interest rates and environmental costs. The timing and effect of the foregoing factors are difficult to predict, and these or other factors could materially adversely affect our quarterly or annual operating results.

We face many competitors, several of which have greater financial and other resources.

We face competition in each of our business segments from companies that produce the same type of products that we produce or that produce lower priced alternative products that customers may use instead of our products. Some of our competitors have greater financial, sales and marketing, or research and development resources than we do. Greater financial resources and product development capabilities may also allow our competitors to respond more quickly to new opportunities or changes in customer requirements.

Our businesses are significantly dependent on sales to their largest customers.

Sales to the largest customer of the fine paper and packaging business represented approximately 18 percent of its total sales in 2019. Sales to the technical products business's largest customer represented approximately 14 percent of total sales for the segment in 2019. A significant loss of business from any of our major fine paper and packaging or technical products customers may have a material adverse effect on our financial condition, results of operations and liquidity. We are also subject to credit risk associated with our customer concentration. If one or more of our largest fine paper and packaging or technical products customers were to become bankrupt, insolvent or otherwise were unable to pay for services provided, we may incur significant write-offs of accounts receivable.

We cannot be certain that our tax planning strategies will be effective and that our research and development tax credits and net operating losses will continue to be available.

As of December 31, 2019, we had \$21.0 million of U.S. federal and \$7.5 million of U.S. state research and development tax credits ("R&D Credits") which, if not used, will expire between 2031 and 2039 for the U.S. federal R&D Credits and between 2020 and 2034 for the state R&D Credits. The availability of state net operating losses (NOLs) and federal or state

tax credits to offset taxable income and income tax, respectively, could also be substantially reduced if we were to undergo an "ownership change" as defined within certain federal and state tax codes.

We are continuously undergoing examination by the Internal Revenue Service (the "IRS") as well as taxing authorities in various state and foreign jurisdictions in which we operate. The IRS and other taxing authorities routinely challenge certain deductions and credits reported on our income tax returns.

In accordance with Accounting Standards Codification ("ASC") Topic 740, *Income Taxes* ("ASC Topic 740"), as of December 31, 2019, we have recorded a liability of \$7.8 million for uncertain tax positions where we believe it is "more likely than not" that the tax benefit reported on our income tax returns will not be realized. There can be no assurance, however, that the actual amount of unrealized deductions will not exceed the amounts we have recognized for uncertain tax positions.

We have significant obligations for pension and other postretirement benefits.

We have significant obligations for pension and other postretirement benefits which could require future funding beyond that which we have funded in the past or which we currently anticipate. At December 31, 2019, our projected pension benefit obligations were \$482.4 million and exceeded the fair value of pension plan assets by \$58.3 million. In 2019, we made total contributions to qualified pension trusts of \$6.0 million. In addition, during 2019 we paid pension benefits for unfunded qualified, insurance backed and supplemental retirement plans of \$2.3 million. At December 31, 2019, our projected other postretirement benefit obligations were \$39.7 million. No assets have been set aside to satisfy our other postretirement benefit obligations. In 2019, we made payments for postretirement benefits other than pensions of \$4.8 million. A material increase in funding requirements or benefit payments could have a material effect on our cash flows.

We may be required to pay material amounts under multiemployer pension plans.

Historically, we have contributed to the PACE Industry Union-Management Pension Fund (the "PIUMPF"), a multiemployer pension plan. The amount of our annual contributions to the PIUMPF was negotiated with the plan and the bargaining unit representing our employees covered by the plan. The PIUMPF was certified to be in "critical status" for the plan year beginning January 1, 2010, and continued to be in critical status for the plan year beginning January 1, 2018.

Effective July 1, 2018, the Company and representatives of the United Steelworkers Union (the "USW") of the Lowville mill initiated actions to withdraw from the PIUMPF. As a result, the Company recorded an estimated withdrawal liability of \$1.0 million, which assumed payment of \$0.1 million per year over 20 years, discounted at a credit adjusted risk-free rate of 5.7%. In October 2019, the Company received a billing from PIUMPF for the withdrawal liability, which confirmed the \$1.0 million liability. In addition to the withdrawal liability, PIUMPF also demanded immediate payment of \$1.3 million for the Company's pro-rata share of the fund's accumulated funding deficiency. The Company is challenging this demand and believes it to be unenforceable. As such, the Company has not recorded a liability for this amount as of December 31, 2019.

The outcome of legal actions and claims may adversely affect us.

We are involved in legal actions and claims arising in the ordinary course of our business. The outcome of such legal actions and claims against us cannot be predicted with certainty. Legal actions and claims against us could have a material effect on our financial condition, results of operations and liquidity.

Labor interruptions would adversely affect our business.

Except for our Pittsfield, Massachusetts, Brownville, New York and Quakertown, Pennsylvania manufacturing facilities which are non-union, substantially all of our hourly employees are unionized. In addition, some key customers and suppliers are also unionized. Strikes, lockouts or other work stoppages or slowdowns involving our unionized employees, and/or those of our suppliers and customers, could have a material effect on us.

If we are unable to continue to implement our business strategies, our financial condition and operating results could be materially affected.

Our future operating results will depend, in part, on the extent to which we can successfully implement our business strategies, including expansion and growth of our technical products (filtration and performance materials) and packaging businesses in a cost effective manner. Additionally, a slower than anticipated loading of our filtration asset in Appleton, Wisconsin due to the pace of certification of products by our customers could cause our results to be lower than expected in the future. Our strategies are subject to significant business, economic and competitive uncertainties and contingencies,

many of which are beyond our control. If we are unable to successfully implement our business strategies, our business, financial condition and operating results could be materially adversely affected.

We may not successfully integrate acquisitions and may be unable to achieve anticipated cost savings or other synergies.

The integration of the operations of acquired companies involves a number of risks and presents financial, managerial, legal and operational challenges. We may have difficulty, and may incur unanticipated expenses related to, integrating information systems, financial reporting activities, and integrating and retaining management and personnel from acquired companies. We may not be able to achieve anticipated cost savings or commercial or growth synergies, for a number of reasons, including contractual constraints and obligations or an inability to take advantage of expected commercial opportunities, increased operating efficiencies or commercial expansion of key technologies. Failure to successfully integrate acquired companies may have an adverse effect on our business, financial condition, results of operations, and cash flows.

We may not be able to adequately protect our intellectual property and proprietary rights, which could harm our future success and competitive position.

Our future success and competitive position also depends, in part, upon our ability to obtain and maintain protection for our intellectual property and proprietary rights. Failure to protect our existing intellectual property rights may result in the loss of valuable technologies or may require us to license other companies' intellectual property rights. It is possible that any of our patents may be invalidated, rendered unenforceable, circumvented, challenged or licensed to others or any of our pending or future patent applications may not be issued within the scope of the claims sought by us, if at all. Further, others may develop technologies that are similar or superior to our technologies, duplicate our technologies or design around our patents, and steps taken by us to protect our technologies may not prevent misappropriation of such technologies.

Future dividends on our common stock may be restricted or eliminated.

Dividends are declared at the discretion of our Board of Directors, and future dividends will depend on our future earnings, cash flow, financial requirements and other factors. Our ability to pay cash dividends on our common stock is limited under the terms of both our bank credit agreement and the indenture for our \$175 million of senior notes due November 2021 (the "2021 Senior Notes"). As of December 31, 2019, under the most restrictive terms of our bank credit agreement and the indenture for the 2021 Senior Notes, our ability to pay cash dividends on our common stock is limited, as described under "Risks Relating to Our Indebtedness." There can be no assurance that we will continue to pay dividends in the future.

We may be required to record a charge to our earnings if our goodwill or intangible assets become impaired.

As of December 31, 2019, we had goodwill of \$83.1 million and other intangible assets of \$66.7 million. Goodwill and other intangible assets are recorded at fair value on the date of acquisition. In accordance with applicable accounting guidance, we review goodwill and other indefinite-lived intangible assets at least annually for impairment, and long-lived intangible assets when facts and circumstances warrant an impairment review. Impairment may result from, among other things, deterioration in performance, adverse market conditions, acceleration of the secular decline in fine paper and office products or a lack of success in our efforts to offset these declines with new fine paper and packaging products, which could lead to a reduction in the size of our manufacturing footprint, adverse changes in applicable laws or regulations, and a variety of other factors. The amount of any non-cash impairment would be recognized immediately through our consolidated statement of operations. Any future goodwill or other intangible asset impairment could have a material adverse effect on our results of operations and financial position.

If we have a catastrophic loss or unforeseen or recurring operational problems at any of our facilities, we could suffer significant lost production and/or cost increases.

Our technical products and fine paper and packaging businesses may suffer catastrophic loss due to fire, flood, terrorism, mechanical failure, or other natural or man-made events. If any of our facilities were to experience a catastrophic loss, it could disrupt our operations, delay production, delay or reduce shipments, reduce revenue, and result in significant expenses to repair or replace the facility. These expenses and losses may not be adequately covered by property or business interruption insurance. Even if covered by insurance, our inability to deliver our products to customers, even on a short-term basis, may cause us to lose market share on a more permanent basis.

Fluctuations in currency exchange rates could adversely affect our results.

Exchange rate fluctuations for the Euro do not have a material effect on the operations or cash flows of our German and Dutch technical products businesses. Our German and Dutch technical products business incurs most of its costs and sells most of its production in Europe and, therefore, its operations and cash flows are not materially affected by changes in the exchange rate of the Euro relative to the U.S. dollar. Changes in the Euro exchange rate relative to the U.S. dollar will, however, have an effect on our balance sheet and reported results of operations. See Item 7A, "Quantitative and Qualitative Disclosures About Market Risk — Foreign Currency Risk."

In addition, because we transact business in other foreign countries, some of our revenues and expenses are denominated in a currency other than the local currency of our operations. As a result, changes in exchange rates between the currency in which the transaction is denominated and the local currency of our operations into which the transaction is being recorded can impact the amount of local currency recorded for such transaction. This can result in more or less local currency revenues or costs related to such transaction, and thus have an effect on our reported sales and income before income taxes.

Our activities are subject to extensive government regulation, which could increase our costs, cause us to incur liabilities and adversely affect the manufacturing and marketing of our products.

Our operations are subject to federal, state and local laws, regulations and ordinances in the United States, Germany, the Netherlands and elsewhere in the world relating to various environmental, health and safety matters. The nature of our operations requires that we invest capital and incur operating costs to comply with those laws, regulations and ordinances and exposes us to the risk of claims concerning non-compliance with environmental, health and safety laws or standards. We cannot assure that significant additional expenditures will not be required to maintain compliance with, or satisfy potential claims arising from, such laws, regulations and ordinances. Future events, such as changes in existing laws and regulations or contamination of sites owned, operated or used for waste disposal by us (including currently unknown contamination and contamination caused by prior owners and operators of such sites or other waste generators) may give rise to additional costs that could require significantly higher capital expenditures and operating costs, which would reduce the funds otherwise available for operations, capital expenditures, future business opportunities or other purposes.

Additionally, in the U.S., portions of the Moving Ahead for Progress in the 21st Century Act ("MAP-21", primarily, the electronic logging device (ELD) rules under MAP-21) have created a decrease in levels of capacity in the over-the-road freight sector which continue to have an adverse impact on our business. The current operating environment in the over-the-road freight and transportation sector resulting from fluctuating fuel costs, industry-specific regulations (such as hours-of-service and ELD rules), a shortage of qualified drivers, and other economic factors are causing a tightening of capacity and an increase in prices charged to shippers, such as us, in the over-the-road transportation and distribution sector generally, and in our carrier networks specifically, which continue to have an adverse impact on our business.

We are subject to risks associated with possible climate change legislation and various cost and manufacturing issues associated with such legislation.

GHG emissions have increasingly become the subject of political and regulatory focus. Concern over potential climate change, including global warming, has led to legislative and regulatory initiatives directed at limiting GHG emissions. In addition to certain federal proposals in the United States to regulate GHG emissions, Germany, the U.K. and all the states in which we operate are currently considering GHG legislation or regulations, either individually and/or as part of regional initiatives. While not all are likely to become law it is reasonably possible that additional climate change related mandates will be forthcoming, and it is expected that they may adversely impact our costs by increasing energy costs and raw material prices, requiring operational or equipment modifications to reduce emissions and creating costs to comply with regulations or to mitigate the financial consequences of compliance.

Any failure to comply with applicable environmental laws, regulations or permit requirements may result in civil or criminal fines or penalties or enforcement actions. These may include regulatory or judicial orders enjoining or curtailing operations or requiring corrective measures, installing pollution control equipment or remedial actions, any of which could involve significant expenditures. Future development of such laws and regulations may require capital expenditures to ensure compliance. We may discover currently unknown environmental problems or conditions in relation to our past or present operations, or we may face unforeseen environmental liabilities in the future. These conditions and liabilities may require site remediation or other costs to maintain compliance or correct violations of environmental laws and regulations; or result in governmental or private claims for damage to person, property or the environment, any of which could have a material adverse effect on our financial condition and results of operations.

We are subject to cybersecurity risks related to breaches of security pertaining to sensitive company, customer, employee and vendor information as well as breaches in the technology that manages operations and other business processes.

We use information technologies to securely manage operations and various business functions. We rely on various technologies to process, store and report on our business and interact with customers, vendors and employees. The secure processing, maintenance and transmission of this information is critical to our operations and business strategy. Despite our security design and controls, and those of our third party providers, our information technology and infrastructure may be vulnerable to cyber attacks by hackers or breaches due to employee error, malfeasance or other disruptions. Any such breach could result in operational disruptions or the misappropriation of sensitive data that could subject us to civil and criminal penalties, litigation or have a negative impact on our reputation. There can be no assurance that such disruptions or misappropriations and the resulting repercussions will not negatively impact our cash flows and materially affect our results of operations or financial condition. The U.S. Congress is considering cybersecurity legislation that, if enacted, could impose additional obligations on us and could expand our potential liability in the event of a cybersecurity incident.

Additionally, we collect, process, store, use and transmit personal data for use in our business, most of which relates to our global employees. Personal data is increasingly subject to legal and regulatory protections around the world, which vary widely in approach and which possibly conflict with one another. As discussed above, in recent years, U.S. legislators and regulatory agencies, such as the Federal Trade Commission, as well as U.S. states, have increased their focus on protecting personal data by law and regulation, and have increased enforcement actions for violations of privacy and data protection requirements. The European Commission also recently approved and adopted the General Data Protection Regulation ("GDPR") in the European Union, a new data protection law, which became effective in May 2018. These data protection laws and regulations are intended to protect the privacy and security of personal data, including credit card information that is collected, processed and transmitted in or from the relevant jurisdiction. Implementation of and compliance with these laws and regulations may be more costly or take longer than we anticipate, or could otherwise adversely affect our business operations, which could negatively impact our financial position or cash flows. Additionally, media coverage of data breaches has escalated, in part because of the increased number of enforcement actions, investigations and lawsuits. As this focus and attention on privacy and data protection increases, we also risk exposure to potential liabilities and costs resulting from the compliance with, or any failure to comply with applicable legal requirements, conflicts among these legal requirements or differences in approaches to privacy and security of data. Our business could be materially adversely affected by our inability, or the inability of our vendors who receive personal data from us, to comply with legal obligations regarding the use of personal data, new data handling requirements that conflict with or negatively impact our business practices.

Our business may suffer if we do not retain our senior management.

We depend on our senior management. The loss of services of members of our senior management team could adversely affect our business until suitable replacements can be found. There may be a limited number of persons with the requisite skills to serve in these positions and we may be unable to locate or employ qualified personnel on acceptable terms. In addition, our future success requires us to continue to attract and retain competent personnel.

Risks Relating to Our Indebtedness

We may not be able to fund our future capital requirements internally or obtain third-party financing.

We may be required or choose to obtain additional debt or equity financing to meet our future working capital requirements, as well as to fund capital expenditures and acquisitions. To the extent we must obtain financing from external sources to fund our capital requirements, we cannot guarantee financing will be available on favorable terms, if at all. For example, during periods of volatile credit markets, there is a risk that lenders, even those with strong balance sheets and sound lending practices, could fail or refuse to honor their credit commitments and obligations, including, but not limited to, extending credit up to the maximum permitted by a credit facility and otherwise accessing capital and/or honoring loan commitments. If our lenders are unable to fund borrowings under their loan commitments or we are unable to borrow, it could be difficult to replace such loan commitments on similar terms or at all. If adequate funds are not available on acceptable terms, we may be unable to meet our future working capital requirements or fund capital expenditures and acquisitions, any of which could negatively affect our business. As of December 31, 2019, we have required debt payments of \$2.6 million during the year ending December 31, 2020.

We may not be able to generate sufficient cash flow to meet our debt obligations, including the 2021 Senior Notes.

Our ability to make scheduled payments or to refinance our obligations with respect to the 2021 Senior Notes, our other debt and our other liabilities will depend on our financial and operating performance, which, in turn, is subject to prevailing economic conditions and to certain financial, business and other factors beyond our control. If our cash flow and capital resources are insufficient to fund our debt obligations and other liabilities, we could face substantial liquidity problems and may be forced to reduce or delay scheduled expansions and capital expenditures, sell material assets or operations, obtain additional capital or restructure our debt. We cannot assure that our operating performance, cash flow and capital resources will be sufficient to repay our debt in the future. In the event that we are required to dispose of material assets or operations or restructure our debt to meet our debt and other obligations, we can make no assurances as to the terms of any such transaction or how quickly any such transaction could be completed.

If we cannot make scheduled payments on our debt, we will be in default and, as a result:

- our debt holders could declare all outstanding principal and interest to be due and payable;
- our senior secured lenders could terminate their commitments and commence foreclosure proceedings against our assets; and
- we could be forced into bankruptcy or liquidation.

If our operating performance declines in the future or we breach our covenants under our revolving credit facility, we may need to obtain waivers from the lenders under our revolving credit facility to avoid being in default. We may not be able to obtain these waivers. If this occurs, we would be in default under our revolving credit facility.

We have significant indebtedness which subjects us to restrictive covenants relating to the operation of our business.

As of December 31, 2019, we had \$175 million of 2021 Senior Notes, \$21.6 million in revolving credit borrowings and \$7.2 million of project financing outstanding. In addition, availability under our bank credit agreement was approximately \$174 million. Our leverage could have important consequences. For example, it could:

- make it difficult for us to satisfy our financial obligations, including making scheduled principal and interest payments on the 2021 Senior Notes and our other indebtedness;
- place us at a disadvantage to our competitors;
- require us to dedicate a substantial portion of our cash flow from operations to service payments on our indebtedness, thereby reducing funds available for other purposes;
- increase our vulnerability to a downturn in general economic conditions or the industry in which we operate;
- limit our ability to obtain additional financing for working capital, capital expenditures, acquisitions and general corporate and other purposes; and
- limit our ability to plan for and react to changes in our business and the industry in which we operate.

The terms of our indebtedness, including our bank credit agreement and the indenture governing the 2021 Senior Notes, contain covenants restricting our ability to, among other things, incur certain additional debt, incur or create certain liens, make specified restricted payments, pay dividends, authorize or issue capital stock, enter into transactions with our affiliates, consolidate or merge with or acquire another business, sell certain of our assets or liquidate, dissolve or wind-up our Company. Under the terms of our Fourth Amended and Restated Credit Agreement, we are permitted to pay cash dividends on or repurchase shares of our common stock, and to make voluntary prepayments or redemptions of certain indebtedness (including our 2021 Senior Notes), without limitation, as long as the sum of the aggregate revolving credit availability under our Fourth Amended and Restated Credit Agreement as then in effect, plus (subject to certain limitations) any excess of our aggregate borrowing base over our aggregate revolving credit facility commitment, or our “specified excess availability” (on a pro forma basis after giving effect to such dividend, repurchase or voluntary prepayment/redemption), equals or exceeds the greater of (i) \$25 million and (ii) 12.5 percent of the maximum aggregate commitments under our revolving credit facility as then in effect (approximately \$28 million as of December 31, 2019), on a pro forma basis after giving effect to such dividend or stock repurchase (as the case may be). If our specified excess availability, on a pro forma basis, is less than the applicable threshold, then such cash dividends are limited to no more than \$45 million in any 12 consecutive months, such share repurchases are limited to no more than \$25 million in any fiscal year, and voluntary prepayments or redemptions of such indebtedness are prohibited. Under the most restrictive terms of the 2021 Senior Notes, we are permitted to pay cash dividends of up to \$25 million in a calendar year, but not permitted to

repurchase shares of our common stock. However, as long as the net leverage ratio (net debt/EBITDA) under the 2021 Senior Notes is below 2.5x, we can pay dividends or repurchase shares without limitation. Refer to Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources" for the current limitations on our ability to pay dividends on or repurchase shares of our common stock.

In addition, if the specified excess availability under our revolving credit facility is less than the greater of (i) \$25 million and (ii) 12.5 percent of the maximum aggregate commitments under our revolving credit facilities as then in effect, we will be subject to increased reporting obligations and controls until such time as availability is more than the greater of (a) \$35 million and (b) 17.5 percent of the maximum aggregate commitments under our revolving credit facility as then in effect for at least 60 consecutive days and no default or event of default has occurred or is continuing during such 60-day period.

If specified excess availability under our revolving credit facilities is less than the greater of (i) \$20 million and (ii) 10 percent of the maximum aggregate commitments under our revolving credit facilities as then in effect, we are required to comply with a fixed charge coverage ratio (as defined in our bank credit agreement) of not less than 1.1 to 1.0 for the preceding four-quarter period, tested as of the end of each quarter. Such compliance, once required, would no longer be necessary once (x) specified excess availability under our revolving credit facilities exceeds the greater of (i) 17.5 percent of the aggregate commitment for our revolving credit facility as then in effect and (ii) \$35 million for 60 consecutive days and (y) no default or event of default has occurred and is continuing during such 60-day period. As of December 31, 2019, specified excess availability under our revolving credit facility exceeded the minimum required amount, and we are not required to comply with such fixed charge coverage ratio.

Our revolving credit facility accrues interest at variable rates. As of December 31, 2019, we had \$21.6 million of revolving credit borrowings outstanding which mature on December 10, 2023. We may reduce our exposure to rising interest rates by entering into interest rate hedging arrangements, although those arrangements may result in us incurring higher interest expenses than we would incur without the arrangements. If interest rates increase in the absence of such arrangements, we will need to dedicate more of our cash flow from operations to make payments on our debt. In addition, the variable interest rates on our revolving credit facility are based on the London Interbank Offered Rate ("LIBOR") as a benchmark, exposing us to possible changes in interest in the event that the method for determining LIBOR changes, LIBOR is replaced by an alternative reference rate or LIBOR is phased out altogether.

For more information on our liquidity, see Item 7A, "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources."

Our failure to comply with the covenants contained in our revolving credit facility or the indenture governing the 2021 Senior Notes could result in an event of default that could cause acceleration of our indebtedness.

Our failure to comply with the covenants and other requirements contained in the indenture governing the 2021 Senior Notes, our revolving credit facility or our other debt instruments could cause an event of default under the relevant debt instrument. The occurrence of an event of default could trigger a default under our other debt instruments, prohibit us from accessing additional borrowings and permit the holders of the defaulted debt to declare amounts outstanding with respect to that debt to be immediately due and payable. Our assets or cash flows may not be sufficient to fully repay borrowings under our outstanding debt instruments, and we may be unable to refinance or restructure the payments on indebtedness on favorable terms, or at all.

Despite our indebtedness levels, we and our subsidiaries may be able to incur substantially more indebtedness, which may increase the risks created by our substantial indebtedness.

Because the terms of our bank credit agreement and the indenture governing the 2021 Senior Notes do not fully prohibit us or our subsidiaries from incurring additional indebtedness, we and our subsidiaries may be able to incur substantial additional indebtedness in the future, some of which may be secured. If we or any of our subsidiaries incur additional indebtedness, the related risks that we and they face may intensify.

Our bank credit agreement is secured by a majority of our assets.

Our bank credit agreement is secured by a majority of our assets. Availability under our bank credit agreement will fluctuate over time depending on the value of our inventory, receivables and various capital assets. An extended work stoppage or decline in sales volumes would result in a decrease in the value of the assets securing the bank credit agreement. A reduction in availability under the bank credit agreement could have a material effect on our liquidity.

Changes in credit ratings issued by nationally recognized statistical rating organizations could adversely affect our cost of financing and have an adverse effect on the market price of our securities.

Our debt currently has a non-investment grade rating, and there can be no assurance that any rating assigned by the rating agencies will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by a rating agency if, in that rating agency's judgment, future circumstances relating to the basis of the rating, such as adverse changes, so warrant. A lowering or withdrawal of the ratings assigned to our debt securities by rating agencies may increase our future borrowing costs and reduce our access to capital, which could have a material adverse impact on our financial condition and results of operations.

We depend on our subsidiaries to generate cash flow to meet our debt service obligations.

We conduct a substantial portion of our business through our subsidiaries. Consequently, our cash flow and ability to service our debt obligations depend upon the earnings of our subsidiaries and the distribution of those earnings to us, or upon loans, advances or other payments made by these entities to us. The ability of these entities to pay dividends or make other payments or advances to us will be subject to applicable laws and contractual restrictions contained in the instruments governing their debt, including our revolving credit facility and the indenture governing the 2021 Senior Notes. These limitations are also subject to important exceptions and qualifications.

The ability of our subsidiaries to generate sufficient cash flow from operations to allow us to make scheduled payments on our debt will depend upon their future financial performance, which will be affected by a range of economic, competitive and business factors, many of which are outside of our control as well as their ability to repatriate cash to us. If our subsidiaries do not generate sufficient cash flow from operations to help us satisfy our debt obligations, including payments on the 2021 Senior Notes, or if they are unable to distribute sufficient cash flow to us, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital expenditures or seeking to raise additional capital. Refinancing may not be possible, and any assets may not be saleable, or, if sold, we may not realize sufficient amounts from those sales. Additional financing may not be available on acceptable terms, if at all, or we may be prohibited from incurring it, if available, under the terms of our various debt instruments then in effect. Our inability to generate sufficient cash flow to satisfy our debt obligations or to refinance our obligations on commercially reasonable terms would have an adverse effect on our business, financial condition and results of operations.

FORWARD-LOOKING STATEMENTS

Certain statements in this Annual Report on Form 10-K may constitute "forward-looking" statements as defined in Section 27A of the Securities Act of 1933 (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"), the Private Securities Litigation Reform Act of 1995 (the "PSLRA"), or in releases made by the SEC, all as may be amended from time to time. Statements contained in this Annual Report on Form 10-K that are not historical facts may be forward-looking statements within the meaning of the PSLRA. Any such forward-looking statements reflect our beliefs and assumptions and are based on information currently available to us. Forward-looking statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These cautionary statements are being made pursuant to the Securities Act, the Exchange Act and the PSLRA with the intention of obtaining the benefits of the "safe harbor" provisions of such laws. We caution investors that any forward-looking statements we make are not guarantees or indicative of future performance. For additional information regarding factors that may cause our results of operations to differ materially from those presented herein, please see "Risk Factors" contained in this Annual Report on Form 10-K and as are detailed from time to time in other reports we file with the SEC.

You can identify forward-looking statements as those that are not historical in nature, particularly those that use terminology such as "may," "will," "should," "expect," "anticipate," "contemplate," "estimate," "believe," "plan," "project," "predict," "potential" or "continue," or the negative of these, or similar terms. In evaluating these forward-looking statements, you should consider the following factors, as well as others contained in our public filings from time to time, which may cause our actual results to differ materially from any forward-looking statement:

- changes in market demand for our products due to global economic and political conditions;
- the impact of competition, both domestic and international, changes in industry production capacity, including the construction of new mills or new machines, the closing of mills and incremental changes due to capital expenditures or productivity increases;
- the loss of current customers or the inability to obtain new customers;
- increases in commodity prices, (particularly for pulp, energy and latex);
- our ability to control costs, including transportation, and implement measures designed to enhance operating efficiencies;
- the availability of raw materials and energy;
- the enactment of adverse state, federal or foreign tax or other legislation or changes in government policy or regulation;
- the impact of increased trade protectionism and tariffs on our business, results of operations and financial condition;
- unanticipated expenditures related to the cost of compliance with environmental and other governmental regulations;
- fluctuations in (i) exchange rates (in particular changes in the U.S. dollar/Euro currency exchange rates) and (ii) interest rates;
- increases in the funding requirements for our pension and postretirement liabilities;
- our ability identify attractive acquisition targets and to successfully integrate acquired businesses into our existing operations;
- changes in asset valuations including write-downs of assets including property, plant and equipment; inventory, accounts receivable, deferred income tax assets or other assets for impairment or other reasons;
- loss of key personnel;
- strikes, labor stoppages and changes in our collective bargaining agreements and relations with our employees and unions;
- capital and credit market volatility and fluctuations in global equity and fixed-income markets;
- our existing and future indebtedness;
- our net operating losses may not be available to offset our tax liability and other tax planning strategies may not be effective;
- other risks that are detailed from time to time in reports we file with the SEC; and
- other factors described under "Risk Factors."

You are cautioned not to unduly rely on such forward-looking statements, which speak only as of the date made, when evaluating the information presented in this information statement. We undertake no duty to update these forward-looking statements after the date of this Form 10-K, even though our situation may change in the future.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our principal executive offices are located in Alpharetta, Georgia, a suburb of Atlanta, Georgia. We have 10 manufacturing facilities in the United States that produce printing and writing, text, cover, durable saturated and coated substrates, premium packaging, filtration and other specialty papers for a variety of end uses. We have two manufacturing facilities in Germany that produce transportation and other filter media, and durable and saturated substrates. We have one manufacturing facility in the Netherlands that produces digital transfer media and other technical products. We have one manufacturing facility in the U.K. that produces durable printing and specialty paper.

We believe that each of these facilities is adequately maintained and is suitable for conducting our operations and business. We manage machine operating schedules at our manufacturing locations to fulfill customer orders in a timely manner and control inventory levels.

As of December 31, 2019, following are the locations of our principal facilities and operating equipment and the products produced at each location:

<u>Location</u>	<u>Equipment/Resources</u>	<u>Owned or Leased</u>	<u>Products</u>
Fine Paper and Packaging Segment			
Neenah Mill Neenah, Wisconsin	Two paper machines; paper finishing equipment	Owned	Printing and writing, text, cover, packaging and other specialty papers
Whiting Mill Whiting, Wisconsin	Four paper machines; paper finishing equipment	Owned	Printing and writing, text, cover, packaging and other specialty papers
Converting Center Neenah, Wisconsin	Paper finishing equipment	Owned	Printing and writing, text, cover, packaging and other specialty papers
Great Barrington Mill Great Barrington, Massachusetts	Paper finishing equipment	Owned; leased facility	Laminated specialty papers and toll converting services
Technical Products Segment			
Munising Mill Munising, Michigan	Two paper machines; two off line saturators; two off line coaters; specialty finishing equipment	Owned	Tapes, abrasives, premask, medical packaging and other durable, saturated and coated substrates
Pittsfield Mill Pittsfield, Massachusetts	Three paper machines; paper finishing equipment	Owned	Reverse osmosis filtration and glass applications
Bruckmühl Mill Bruckmühl, Germany	One paper machine; two saturator/coaters; finishing equipment	Owned	Masking tape backings and abrasive backings
Weidach Mill Feldkirchen-Westerham, Germany	Two paper machines; three saturators; one laminator; three meltblown machines; specialty finishing equipment	Owned	Transportation filtration and other filter media
Bolton Mill Bolton, England	Saturating, coating, and finishing equipment	Owned	Durable printing, specialty paper, and coated substrates
Eerbeek Mill Eerbeek, Netherlands	Two paper machines; paper finishing equipment	Owned	Digital dye sublimation and image transfer printing paper
Shared Facilities			
Appleton Mill Appleton, Wisconsin	Two paper machines; saturating equipment; paper finishing equipment	Owned	Transportation filtration, printing and writing, text, cover, packaging, and other specialty papers
Brownville Mill Brownville, New York	One paper machine; one off-line coater	Owned	Durable printing, packaging, and specialty paper
Lowville Mill Lowville, New York	Saturating, coating, embossing and finishing equipment	Owned	Durable printing, packaging, and specialty paper
Quakertown Mill Quakertown, Pennsylvania	Saturating, coating, embossing and finishing equipment	Owned	Durable printing, packaging, and specialty paper

See Note 7 of Notes to Consolidated Financial Statements, "Debt", for a description of the material encumbrances attached to the properties described in the table above.

As of December 31, 2019, following are the locations of our owned and leased office and laboratory space and the functions performed at each location.

Administrative Location	Office/Other Space	Function
Alpharetta, Georgia	Leased Office Space	Corporate Headquarters, Administration and Design Center
Neenah, Wisconsin	Owned Office Space	Administration
Appleton, Wisconsin	Owned and Leased Office and Laboratory Space	Administration and Research and Development for our technical products businesses
Munising, Michigan	Owned Office and Laboratory Space	Administration and Research and Development for our technical products businesses
Pittsfield, Massachusetts	Owned Office and Laboratory Space	Administration and Research and Development for our technical products businesses
East Longmeadow, Massachusetts	Leased Office and Laboratory Space	Administration and Research and Development for our technical products and fine paper and packaging businesses
Feldkirchen-Westerham, Germany	Owned Office and Laboratory Space	Administration and Research and Development for our technical product businesses
Eerbeek, Netherlands	Owned Office and Laboratory Space	Administration and Research and Development for our technical product businesses

Capacity Utilization

Paper machines in our manufacturing facilities generally operate on a combination of three-shift five- or seven-day schedules to meet demand. We are not constrained by input factors and the maximum operating capacity of our manufacturing facilities is calculated based on operating days to account for variations in mix and different units of measure between assets. Due to required maintenance downtime and contract holidays, the maximum number of operating days is defined as 350 days per year. We generally expect to utilize approximately 80 to 90 percent of our maximum operating capacity. The following table presents our percentage utilization of maximum operating capacity by segment:

	Year Ended December 31,		
	2019	2018	2017
Technical Products	66%	74%	78%
Fine Paper and Packaging	86%	78%	81%

Item 3. Legal Proceedings

Litigation

We are involved in certain legal actions and claims arising in the ordinary course of business. While the outcome of these legal actions and claims cannot be predicted with certainty, it is the opinion of management that the outcome of any such claim which is pending or threatened, either individually or on a combined basis, will not have a material effect on our consolidated financial condition, results of operations or liquidity.

Income Taxes

We periodically undergo examination by the IRS as well as various state and foreign jurisdictions. The IRS and other taxing authorities routinely challenge certain deductions and credits we report on our income tax returns.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Neenah common stock is listed on the New York Stock Exchange and is traded under the ticker symbol "NP".

For the year ended December 31, 2019 we paid quarterly cash dividends of \$0.45 per common share or \$30.5 million annually. For the year ended December 31, 2018, we paid quarterly cash dividends of \$0.41 per common share or \$27.8 million annually. In November 2019, our Board of Directors approved a 4 percent increase in the quarterly dividend rate on our common stock to \$0.47 per share, scheduled to be paid starting in March 2020.

Dividends are declared at the discretion of the Board of Directors, and future dividends will depend on our future earnings, cash flow, financial requirements and other factors. Our ability to pay cash dividends on our common stock is limited under the terms of both our bank credit agreement and our 2021 Senior Notes. Under the terms of the Fourth Amended and Restated Credit Agreement, we are permitted to pay cash dividends on, and repurchase shares of our common stock without limitation as long as our specified excess availability under the Fourth Amended and Restated Credit Agreement exceeds the greater of (i) \$25 million and (ii) 12.5 percent of the maximum aggregate commitments under our revolving credit facility as then in effect (approximately \$28 million as of December 31, 2019), on a pro forma basis after giving effect to such dividend or stock repurchase (as the case may be). If our specified excess availability, on a pro forma basis, is below that amount, we are subject to certain restrictions on the amount of cash dividends we are permitted to declare and the amount of share repurchases we are permitted to execute. As of December 31, 2019, our availability exceeded the applicable threshold, so this restriction did not apply. Under the most restrictive terms of the 2021 Senior Notes, we are permitted to pay cash dividends of up to \$25 million in a calendar year, but not permitted to repurchase shares of our common stock. However, as long as the net leverage ratio (net debt/EBITDA) under the 2021 Senior Notes is below 2.5x, we can pay dividends or repurchase shares without limitation. In the event the net leverage ratio exceeds 2.5x, we may still pay dividends in excess of \$25 million or repurchase shares by utilizing "restricted payment baskets" as defined in the indenture for the 2021 Senior Notes. As of December 31, 2019, since our leverage ratio was less than 2.5x, none of these covenants were restrictive to our ability to pay dividends on or repurchase shares of our common stock.

As of February 20, 2020, Neenah had approximately 1,085 holders of record of its common stock. The closing price of Neenah's common stock on February 20, 2020 was \$65.04.

Purchases of Equity Securities:

The following table sets forth certain information regarding purchases of our common stock during the fourth quarter of 2019.

Period	Total Number of Shares Purchased (a)	Average Price Paid Per Share (c)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (b)	Approximate Dollar Value of Shares that May Yet Be Purchased Under Publicly Announced Plans or Programs in 2019
October 2019	88	\$ —	—	\$ 20,092,060
November 2019	—	\$ —	—	\$ 20,092,060
December 2019	15,254	\$ —	—	\$ 20,092,060

- Transactions include the purchase of vested restricted shares from employees to satisfy minimum tax withholding requirements upon vesting of stock-based awards. See Note 9 of Notes to Consolidated Financial Statements, "Stock Compensation Plans."
- In November 2018, our Board of Directors authorized a program for the purchase of up to \$25 million of outstanding common stock which was in effect till December 31, 2019. In November 2019, our Board of Directors authorized a program for the purchase of up to \$25 million of outstanding common stock effective January 1, 2020. The program does not require the Company to purchase any specific number of shares and may be suspended or discontinued at any time.
- Average price paid per share for shares purchased as part of our program.

Equity Compensation Plan Information

The following table summarizes information about outstanding options (in this report, unless the context requires otherwise, references to "options" are intended to include stock appreciation rights) and restricted stock units and shares reserved for future issuance under our existing equity compensation plans as of December 31, 2019.

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants, and rights	(b) Weighted-average exercise price of outstanding options, warrants, and rights (1)	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	166,790 (2)(3)	\$ 70.08	1,091,000
Equity compensation plans not approved by security holders	—	—	—
Total	166,790	\$ 70.08	1,091,000

- (1) The weighted-average exercise price of outstanding options, warrants and rights does not take into account restricted stock units since they do not have an exercise price.
- (2) Includes (i) 55,937 shares issuable upon the exercise of outstanding options and stock appreciation rights ("SARs") for which the exercise price of outstanding options and SARs exceeds closing price of our common stock of \$70.43, (ii) 66,191 shares issuable following the vesting and conversion of outstanding performance share unit awards, and (iii) 44,662 shares issuable upon the vesting and conversion of outstanding restricted stock units, all as of December 31, 2019. As of December 31, 2019, we had an aggregate of 416,548 stock options and SARs outstanding. The weighted average exercise price of the stock options and SARs was \$70.08 per share and the remaining contractual life of such awards was 6.3 years.
- (3) Includes 53,259 shares that would be issued upon the assumed exercise of 177,062 SARs at the \$70.43 per share closing price of our common stock on December 31, 2019.

Item 6. Selected Financial Data

The following table sets forth our selected historical financial and other data. You should read the information set forth below in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our historical consolidated financial statements and the notes to those consolidated financial statements included elsewhere in this Annual Report. The statement of operations data for the years ended December 31, 2019, 2018 and 2017 and the balance sheet data as of December 31, 2019 and 2018 set forth below are derived from our audited historical consolidated financial statements included elsewhere in this Annual Report on Form 10-K. The balance sheet data as of December 31, 2017, 2016 and 2015 and the statement of operations data for the years ended December 31, 2016 and 2015 set forth below are derived from our historical consolidated financial statements not included in this Annual Report on Form 10-K.

On October 31, 2015, we sold the Lahnstein Mill for net cash proceeds of approximately \$5.4 million. For the year ended December 31, 2018, discontinued operations reported on the consolidated statements of operations reflect an additional loss on sale of \$0.8 million arising from the final adjustment to the transaction price on the sale of the Lahnstein Mill in 2015. For the years ended December 31, 2016 and December 31, 2015, discontinued operations reported on the consolidated statements of operations reflect the results of operations and the loss on sale of the Lahnstein Mill. As of December 31, 2015, the assets and liabilities of the Lahnstein Mill are classified as assets held for sale on the consolidated balance sheet.

Year Ended December 31,

	2019	2018	2017	2016	2015
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Consolidated Statement of Operations Data

Net sales	\$ 938.5	\$ 1,034.9	\$ 979.9	\$ 941.5	\$ 887.7
Cost of products sold (f)	755.1	851.5	779.7	724.2	690.9
Gross profit (f)	183.4	183.4	200.2	217.3	196.8
Selling, general and administrative expenses	98.6	95.9	95.3	90.0	85.3
Acquisition/integration/restructuring and other costs (b)	6.2	2.1	1.3	7.0	6.5
Pension and SERP-related adjustments (c)	(1.4)	1.8	0.6	0.8	—
Impairment loss (a)	—	31.1	—	—	—
Acquisition-related adjustments (d)	—	(3.9)	—	—	—
Insurance settlement (e)	—	(0.4)	(3.2)	—	—
Other expense, net	1.7	2.7	1.9	5.4	3.6
Operating income	78.3	54.1	104.3	114.1	101.4
Interest expense, net	11.8	13.0	12.6	11.1	11.5
Income from continuing operations before income taxes	66.5	41.1	91.7	103.0	89.9
Provision for income taxes (k)	11.1	3.9	11.4	29.6	29.4
Income from continuing operations	55.4	37.2	80.3	73.4	60.5
Loss from discontinued operations, net of taxes (g)	—	(0.8)	—	(0.4)	(9.4)
Net income	\$ 55.4	\$ 36.4	\$ 80.3	\$ 73.0	\$ 51.1
Earnings from continuing operations per basic share	\$ 3.27	\$ 2.20	\$ 4.74	\$ 4.33	\$ 3.58
Earnings from continuing operations per diluted share	\$ 3.26	\$ 2.17	\$ 4.68	\$ 4.26	\$ 3.53
Cash dividends per common share	\$ 1.80	\$ 1.64	\$ 1.48	\$ 1.32	\$ 1.20

Other Financial Data

Net cash flow provided by (used for):

Operating activities (j)	\$ 97.6	\$ 92.7	\$ 100.0	\$ 115.8	\$ 111.2
Capital expenditures (i)	(21.4)	(38.1)	(42.7)	(68.5)	(48.1)
Other investing activities (h)	(1.9)	3.8	(52.3)	0.3	(112.0)
Financing activities (j)	(75.2)	(52.6)	(3.8)	(48.4)	(18.8)

December 31,

	2019	2018	2017	2016	2015
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(Dollars in millions)

Consolidated Balance Sheet Data

Cash and cash equivalents	\$ 9.0	\$ 9.9	\$ 4.5	\$ 3.1	\$ 4.2
Working capital, less cash and cash equivalents	143.3	147.2	156.1	125.2	136.3
Total assets (j)(k)	827.8	861.2	904.4	765.6	751.4
Long-term debt	198.2	236.8	254.1	219.7	228.2
Total liabilities (j)(k)	421.5	471.0	504.5	427.3	439.8
Total stockholders' equity	406.3	390.2	399.9	338.3	311.6

- (a) For the year ended December 31, 2018, we recorded a non-cash impairment loss of \$31.1 million related to our Brattleboro mill and associated research and office facilities. See Note 13 of Notes to Consolidated Financial Statements, "Sale of Brattleboro Mill and Impairment Loss."
- (b) For the year ended December 31, 2019, we incurred \$6.2 million of non-routine costs primarily related to the accelerated depreciation and other costs related to the consolidation of the fine paper manufacturing footprint with an idling of a paper machine. For the year ended December 31, 2018, we incurred \$0.5 million of integration costs related to the acquisition of Neenah Coldenhove ("Coldenhove Acquisition") and \$1.6 million of restructuring and other one-time costs. For the year ended December 31, 2017, we incurred of \$1.3 million of acquisition costs related to the Coldenhove Acquisition. For the year ended December 31, 2016, we incurred \$4.1 million of integration costs related to the FiberMark Acquisition, \$2.7 million of non-capitalized trial costs related to the U.S. filtration project, and \$0.2 million of other one-time costs. For the year ended December 31, 2015, we incurred \$5.3 million of integration costs related to the FiberMark Acquisition and \$1.2 million of restructuring costs.
- (c) For the year ended December 31, 2019, we recorded a curtailment gain of \$1.6 million related to the Neenah Coldenhove pension plan. For the years ended December 31, 2019, 2018, 2017, and 2016, we recorded \$0.1 million, \$0.8 million, \$0.6 million, and \$0.8 million of pension settlement charges, respectively. For the year ended December 31, 2018, we also recorded an estimated withdrawal liability of \$1.0 million related to our withdrawal from PIUMPF. See Note 8 of Notes to Consolidated Financial Statements, "Pension and Other Postretirement Benefits."
- (d) For the year ended December 31, 2018, we recorded \$3.9 million of acquisition-related adjustments arising from the operating results of Neenah Coldenhove subsequent to the acquisition. See Note 4 of Notes to Consolidated Financial Statements, "Acquisitions."
- (e) For the years ended December 31, 2018 and 2017, we recorded a representations and warranties insurance settlement of \$0.4 million and \$3.2 million, respectively, related to the FiberMark acquisition.
- (f) In March 2017, the FASB issued ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost (Topic 715)*. The Company adopted this ASU as of January 1, 2018. As a result of the adoption, the Company reclassified \$1.5 million and \$1.2 million of net cost for the year ended December 31, 2017, \$2.8 million and \$2.2 million of net cost for the year ended December 31, 2016, and \$1.4 million and \$1.2 million of net cost for the year ended December 31, 2015, respectively, of other components of net benefit cost from "Cost of products sold" and "Selling, general and administrative expenses" to "Other expense - net" on the consolidated statements of operations. There was no other material impact on its consolidated financial statements due to the adoption.
- (g) The following table presents the results of discontinued operations:

	Year Ended December 31,				
	2019	2018 (1)	2017	2016 (1)	2015 (2)
Discontinued operations: (3)					
Income from operations	\$ —	\$ —	\$ —	\$ —	\$ 0.2
Loss on sale of the Lahnstein Mill (3)	—	(0.8)	—	(0.6)	(13.6)
(Loss) income before income taxes	—	(0.8)	—	(0.6)	(13.4)
(Benefit) provision for income taxes	—	—	—	(0.2)	(4.0)
(Loss) income from discontinued operations, net of taxes	\$ —	\$ (0.8)	\$ —	\$ (0.4)	\$ (9.4)

- (1) The losses in 2018 and 2016 were due to the final adjustments of the sales price of the Lahnstein Mill.
- (2) The loss on sale of the Lahnstein Mill includes a net curtailment gain related to the divestiture of the pension plan of \$15.8 million, including a \$5.5 million write-off of deferred actuarial losses in 2015.
- (3) On October 31, 2015, we sold the Lahnstein Mill. For the years ended December 31, 2018, 2016, and 2015, the results of operations and the loss on sale of the Lahnstein Mill are reported as discontinued operations in the Consolidated Statements of Operations Data.

- (h) In December 2018, we sold the Brattleboro mill for \$5 million. In November 2017, we purchased all of the outstanding equity of Neenah Coldenhove for approximately \$45 million. In August 2015, we purchased all of the outstanding equity of FiberMark for approximately \$118 million.

- (i) During the year ended December 31, 2016, we completed our U.S. Filtration project.
- (j) In January 2019, we adopted ASU 2016-02, *Leases* (Topic 842) and recorded right-of-use ("ROU") assets of \$16 million and lease liabilities of \$17 million as of January 1, 2019. See Note 11 of Notes to Consolidated Financial Statements, "Leases."
- (k) At December 31, 2017, financial statements reflect the adjustments arising from the U.S. tax reform signed on December 22, 2017. See Note 6 of Notes to Consolidated Financial Statements, "Income Taxes." At December 31, 2016, we adopted ASC Topic No. 2016-09 and applied the guidance retroactively to January 1, 2016. At December 31, 2015, we adopted ASC Topic No. 2015-03 and ASC Topic No. 2015-17 and elected to apply the guidance retroactively to all periods presented.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis presents the factors that had a material effect on our results of operations during the years ended December 31, 2019, 2018 and 2017. Also discussed is our financial position as of the end of those years. You should read this discussion in conjunction with our consolidated financial statements and the notes to those consolidated financial statements included elsewhere in this Annual Report on Form 10-K. This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements. See "Forward-Looking Statements" for a discussion of the uncertainties, risks and assumptions associated with these statements.

Introduction

This Management's Discussion and Analysis of Financial Condition is intended to provide investors with an understanding of the historical performance of our business, its financial condition and its prospects. We will discuss and provide our analysis of the following:

- Overview of Business;
- Business Segments;
- Results of Operations and Related Information;
- Liquidity and Capital Resources;
- Adoption of New Accounting Pronouncements; and
- Critical Accounting Policies and Use of Estimates.

Overview of Business

We are a leading global producer of specialty materials for niche markets. We have two primary operations: our technical products business and our fine paper and packaging business.

Our mission is to create value by improving the image and performance of everything we touch. We expect to create value by growing in markets that value performance or image and where we have competitive advantages. In managing our businesses, we believe that achieving and maintaining a leadership position in our markets, responding effectively to customer needs and competitive challenges, employing capital optimally, controlling costs and managing risks are important to long-term success. Changes in general economic conditions and timing of changes in input costs and selling prices can also impact our results. In this discussion and analysis, we will refer to these factors.

Business Segments

Our reportable operating segments consist of Technical Products and Fine Paper and Packaging.

Our technical products business is a leading international producer of transportation, water and other filter media and durable, saturated and coated substrates for a variety of end markets. We focus on categories where we believe we are, or can be, a market leader. These categories include filtration media for transportation, water and other end use applications, backings for specialty tapes and abrasives, performance labels, digital image transfer papers, and other custom engineered materials. Our products are typically used in high performance applications where our customers require specific standards and qualifications. Our dedicated technical products manufacturing facilities are located in Weidach and Bruckmühl, Germany, Eerbeek, Netherlands, Bolton, England, Munising, Michigan, and Pittsfield, Massachusetts.

Our fine paper and packaging business is a leading supplier of premium printing, packaging, and other high-end specialty papers predominantly in North America. Our products include some of the most recognized and preferred brands in North America, where we enjoy leading market positions in many of our product categories. Often these papers are characterized by distinctive finishing, colors, textures and coating. We sell our products primarily to authorized paper distributors, as well as through converters, major national retailers and specialty businesses. Our dedicated fine paper and packaging

manufacturing facilities are located in Whiting and Neenah, Wisconsin, and Great Barrington, Massachusetts. In addition, certain products of both segments are manufactured in shared facilities located in Brownville and Lowville, New York, Appleton, Wisconsin, and Quakertown, Pennsylvania.

Prior to 2019, our Other segment included certain product lines composed of papers sold to converters for end uses such as covering materials for datebooks, diaries, yearbooks and traditional photo albums. These products were primarily manufactured at our shared facilities located in Brownville, New York and Brattleboro, Vermont. Following the disposition of the Brattleboro mill which eliminated a significant portion of the products of the Other business segment, in January 2019 we realigned the remaining products manufactured in the Other business segment to be managed as part of the Technical Products business segment. As a result, we recast the comparable 2018 and 2017 information and presented the \$15.6 million and \$16.5 million of net sales for the years ended December 31, 2018 and 2017, respectively, of this remaining portion of the Other business segment within the Technical Products business segment. The 2018 and 2017 operating income (loss) of the Other business segment was immaterial and was not recast. See Note 14 of Notes to Consolidated Financial Statements, "Business Segment and Geographic Information" where a realignment of this segment in 2019 is described.

Results of Operations and Related Information

In this section, we discuss and analyze our net sales, income before interest and income taxes (which we refer to as "operating income") and other information relevant to an understanding of our results of operations.

Executive Summary

For the year ended December 31, 2019, consolidated net sales of \$938.5 million decreased \$96.4 million, or 9 percent, from \$1,034.9 million in 2018. The decrease resulted from lower volumes, including the divestiture of the Brattleboro mill, and unfavorable currency effects. These were partially offset by increased selling prices and a higher-value Technical Products sales mix.

Consolidated operating income of \$78.3 million for the year ended December 31, 2019 increased \$24.2 million, or 45 percent, from the prior year. The increase was mainly due to the absence of a \$31.1 million impairment loss in 2018 related to the divestiture of the Brattleboro mill. Excluding the \$4.8 million of net unfavorable adjustments in 2019, primarily due to idling of a fine paper machine, and \$30.7 million of net unfavorable adjustments in 2018, adjusted operating income decreased \$1.7 million (2%), primarily due to lower sales and production volumes, and associated manufacturing fixed cost inefficiencies, that were only partially offset by higher net selling prices and slightly lower input costs. See later in this section for further information regarding the presentation of operating income, as adjusted.

Cash provided by operating activities of \$97.6 million for the year ended December 31, 2019 was \$4.9 million higher than cash provided by operating activities of \$92.7 million in the prior year. The increase in cash flows resulted primarily from lower pension plan contributions, partly offset by lower cash earnings.

Capital expenditures for the year ended December 31, 2019 were \$21.4 million compared to \$38.1 million in the prior year. Spending was lower in 2019 as a result of a large environmental project completed in 2018 at the Company's filtration plant in Germany, and lower required spending in 2019 for most businesses.

Analysis of Net Sales — Years Ended December 31, 2019, 2018 and 2017

The following table presents net sales by segment and net sales expressed as a percentage of total net sales:

Net sales	Year Ended December 31,					
	2019	2019	2018	2018	2017	2017
Technical Products	\$ 541.6	58%	\$ 583.2	56%	\$518.6	53%
Fine Paper and Packaging	396.9	42%	445.8	43%	455.3	46%
Other	—	—%	5.9	1%	6.0	1%
Consolidated	<u>\$ 938.5</u>	<u>100%</u>	<u>\$1,034.9</u>	<u>100%</u>	<u>\$979.9</u>	<u>100%</u>

Commentary:

Year 2019 versus 2018

	For the Year Ended December 31,		Change in Net Sales Compared to the Prior Year			
			Total Change	Change Due To		
	2019	2018		Volume	Net Price	Currency
Technical Products	\$ 541.6	\$ 583.2	\$ (41.6)	\$ (48.5)	\$ 21.9	\$ (15.0)
Fine Paper and Packaging	396.9	445.8	(48.9)	(53.6)	4.7	—
Other	—	5.9	(5.9)	(5.9)	—	—
Consolidated	<u>\$ 938.5</u>	<u>\$ 1,034.9</u>	<u>\$ (96.4)</u>	<u>\$ (108.0)</u>	<u>\$ 26.6</u>	<u>\$ (15.0)</u>

Consolidated net sales for the year ended December 31, 2019 were \$96.4 million (9%) lower than the prior year. The decrease resulted from lower volumes, including the divestiture of the Brattleboro mill, and unfavorable currency effects. These were partially offset by increased selling prices and a higher-value Technical Products sales mix.

- Net sales in our technical products business decreased \$41.6 million (7%) from the prior year due to volume declines (primarily due to lower backings sales in Asia) and negative foreign currency impacts. These items were partially offset by increased selling prices and a higher value mix.
- Net sales in our fine paper and packaging business decreased \$48.9 million (11%) from the prior year. Half of the decline was due to the sale of Brattleboro, with the remainder mostly due to lower commercial print volume (including impacts from a change in the relationship with a major distributor). These items were partly offset by higher selling prices.

Year 2018 versus 2017

	For the Years Ended December 31,		Change in Net Sales Compared to the Prior Year			
			Total Change	Change Due To		
	2018	2017		Volume	Net Price	Currency
Technical Products (a)	\$ 583.2	\$ 518.6	\$ 64.6	\$ 34.9	\$ 18.7	\$ 11.0
Fine Paper and Packaging	445.8	455.3	(9.5)	(21.6)	12.1	—
Other (a)	5.9	6.0	(0.1)	(0.1)	—	—
Consolidated	<u>\$ 1,034.9</u>	<u>\$ 979.9</u>	<u>\$ 55.0</u>	<u>\$ 13.2</u>	<u>\$ 30.8</u>	<u>\$ 11.0</u>

- (a) As a result of the Brattleboro mill sale in 2018, we recast the comparable 2018 and 2017 information and presented the \$15.6 million and \$16.5 million of net sales for the years ended December 31, 2018 and 2017, respectively, of the remaining portion of the Other business segment within the Technical Products business segment. See Note 13 of Notes to Consolidated Financial Statements, "Sale of Brattleboro Mill and Impairment Loss" where a realignment of this segment in 2019 is described.

Consolidated net sales for the year ended December 31, 2018 were \$55.0 million (6%) higher than the prior year. The increase resulted from higher Technical Products volumes (including volumes from the November 2017 Coldenhove Acquisition), increased selling prices in both segments, and a higher value mix and favorable currency effects in Technical Products. These items more than offset lower Fine Paper and Packaging volumes.

- Net sales in our technical products business increased \$64.6 million (12%) from the prior year due to acquired volume, organic increases in filtration sales, as well as a higher-priced mix and favorable currency effects due to a stronger euro in the first half of the year.
- Net sales in our fine paper and packaging business decreased \$9.5 million (2%) from the prior year. Volume declines in commercial print products were partly offset by higher selling prices and volume increases in premium packaging.
- Net sales in our other business segment decreased \$0.1 million from the prior year period due to lower volumes.

Analysis of Operating Income — Years Ended December 31, 2019 and 2018

The following table sets forth line items from our consolidated statements of operations as a percentage of net sales for the periods indicated and is intended to provide a perspective of trends in our historical results:

	Year Ended December 31,	
	2019	2018
Net sales	100.0 %	100.0 %
Cost of products sold	80.5 %	82.3 %
Gross profit	19.5 %	17.7 %
Selling, general and administrative expenses	10.5 %	9.3 %
Restructuring, integration and other costs	0.6 %	0.2 %
Pension and SERP related adjustments	(0.1)%	0.2 %
Impairment loss	— %	3.0 %
Acquisition-related adjustments	— %	(0.4)%
Other expense, net	0.2 %	0.2 %
Operating income	8.3 %	5.2 %
Interest expense, net	1.2 %	1.2 %
Income from continuing operations before income taxes	7.1 %	4.0 %
Provision for income taxes	1.2 %	0.4 %
Income from continuing operations	<u>5.9 %</u>	<u>3.6 %</u>

Commentary:

Year 2019 versus 2018

	Change in Operating Income (Loss) Compared to the Prior Year								
	For the Years Ended December 31,		Total Change	Change Due To					Other (c)
	2019	2018		Volume	Net Price (a)	Input Costs (b)	Currency		
Technical Products	\$ 44.6	\$ 50.9	\$ (6.3)	\$ (13.5)	\$ 15.1	\$ 1.6	\$ (1.9)	\$ (7.7)	
Fine Paper and Packaging	53.2	29.4	23.8	(7.4)	11.2	1.4	—	18.7	
Other	—	(6.4)	6.4	—	—	—	—	6.4	
Unallocated corporate costs	(19.5)	(19.8)	0.3	—	—	—	—	0.3	
Consolidated	<u>\$ 78.3</u>	<u>\$ 54.1</u>	<u>\$ 24.2</u>	<u>\$ (20.9)</u>	<u>\$ 26.3</u>	<u>\$ 3.0</u>	<u>\$ (1.9)</u>	<u>\$ 17.7</u>	

(a) Includes price changes, net of changes in product mix.

(b) Includes price changes for raw materials and energy.

(c) Includes other manufacturing costs, over (under) absorption of fixed costs, distribution and selling, general and administrative ("SG&A") expenses. In addition, 2018 results include \$35.0 million of unfavorable adjustments primarily related to the divestiture of the Brattleboro mill and restructuring costs, and \$4.3 million of favorable adjustments related to the Coldenhove Acquisition and an insurance-related settlement. In 2019, it includes non-routine costs of \$6.2 million primarily related to the accelerated depreciation and other costs related to the consolidation of the fine paper manufacturing footprint with an idling of a paper machine, and \$1.4 million of favorable adjustments primarily related to the curtailment gain for the Neenah Coldenhove pension plan. See the breakdown by segment and the reconciliation table on page 36 for further detail.

Consolidated operating income of \$78.3 million for the year ended December 31, 2019 increased \$24.2 million (45%) from the prior year. The increase was mainly due to the absence of a \$31.1 million impairment loss in 2018 related to the divestiture of the Brattleboro mill. Excluding the \$4.8 million of net unfavorable adjustments in 2019, primarily due to idling of a fine paper machine, and \$30.7 million of net unfavorable adjustments in 2018, adjusted operating income decreased \$1.7 million (2%), primarily due to lower sales and production volumes, and associated manufacturing fixed cost inefficiencies, that were only partially offset by higher net selling prices and slightly lower input costs. See later in this section for further information regarding the presentation of operating income, as adjusted.

- Operating income for our technical products business decreased \$6.3 million (12%) from the prior year. The decrease in income resulted from lower sales and production volumes and associated manufacturing fixed cost inefficiencies, higher SG&A and unfavorable foreign currency impacts, partially offset by increased selling prices, a higher-value mix and lower input and distribution costs. Excluding the previously noted favorable adjustments of \$1.2 million in 2019 and \$1.4 million in 2018, adjusted operating income for the technical products business decreased \$6.1 million (12%).
- Operating income for our fine paper and packaging business increased \$23.8 million (81%) from the prior year period. The increase was mainly due to adjustments in 2018 of \$24.3 million for impairment related to the divestiture of the Brattleboro mill and other one-time items referenced above, partly offset by \$5.7 million of non-routine costs in 2019 primarily due to the idling of a paper machine. Excluding these costs, adjusted operating income for the fine paper and packaging business increased \$5.2 million (10%) as a result of higher selling prices and slightly lower input, SG&A and distribution costs that more than offset the lower sales volumes.
- Unallocated corporate costs for the year ended December 31, 2019 were \$19.5 million, or \$0.3 million lower than the prior year. 2019 included adjusting items of \$0.3 million for restructuring costs and pension settlement. These costs compared to \$1.9 million of pension settlement, restructuring and other non-routine costs in 2018.

Year 2018 versus 2017

A comparative discussion of our operating income (loss), additional statement of operations commentary, and liquidity and capital resources for the years ended December 31, 2018 and 2017 is set out in our Annual Report on Form 10-K for the year ended December 31, 2018 under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations - Year 2018 versus Year 2017.”

The following table sets forth our operating income by segment, adjusted for the effects of certain costs, for the periods indicated:

	YTD	
	2019	2018
Technical Products		
GAAP Operating Income	\$ 44.6	\$ 50.9
Restructuring, integration, and other costs	0.3	1.0
Pension and SERP-related adjustments	(1.5)	0.4
Impairment loss	—	1.1
Acquisition-related adjustments	—	(3.9)
Adjusted operating income	<u>\$ 43.4</u>	<u>\$ 49.5</u>
Fine Paper and Packaging		
GAAP Operating Income	\$ 53.2	\$ 29.4
Idled paper machine costs	4.7	—
2012-15 indirect tax audit costs	0.7	—
Restructuring and other non-routine costs	0.3	(0.2)
Pension and SERP-related adjustments	—	0.4
Impairment loss	—	24.4
Insurance settlement	—	(0.3)
Adjusted operating income	<u>\$ 58.9</u>	<u>\$ 53.7</u>
Other/Unallocated Corporate		
GAAP Operating Income	\$ (19.5)	\$ (26.2)
Restructuring and other non-routine costs	0.2	1.3
Pension and SERP-related adjustments	0.1	1.0
Impairment loss	—	5.6
Insurance settlement	—	(0.1)
Adjusted operating income	<u>\$ (19.2)</u>	<u>\$ (18.4)</u>
Consolidated		
GAAP Operating Income	\$ 78.3	\$ 54.1
Idled paper machine costs	4.7	—
2012-15 indirect tax audit costs	0.7	—
Restructuring, integration, and other costs	0.8	2.1
Pension and SERP-related adjustments	(1.4)	1.8
Impairment loss	—	31.1
Acquisition-related adjustments	—	(3.9)
Insurance settlement	—	(0.4)
Adjusted operating income	<u>\$ 83.1</u>	<u>\$ 84.8</u>

In accordance with generally accepted accounting principles in the United States ("GAAP"), consolidated operating income includes the pre-tax effects of an impairment loss, acquisition, integration and restructuring costs, pension plan settlement and other costs, acquisition-related adjustments, and an insurance settlement. We believe that by adjusting reported operating income to exclude the effects of these items, the resulting adjusted operating income is on a basis that reflects the results of our ongoing operations. We believe that providing adjusted operating results will help investors gain an additional perspective of underlying business trends and results. Adjusted operating income is not a recognized term under GAAP and should not be considered in isolation or as a substitute for operating income derived in accordance with

GAAP. Other companies may use different methodologies for calculating their non-GAAP financial measures and, accordingly, our non-GAAP financial measures may not be comparable to their measures.

Additional Statement of Operations Commentary:

- SG&A expense of \$98.6 million for the year ended December 31, 2019 was \$2.7 million higher than 2018, as a result of timing of certain costs. SG&A expense as a percentage of net sales for the year ended December 31, 2019 increased to 10.5 percent from 9.3 percent in 2018 due to lower sales.
- For the years ended December 31, 2019 and 2018, we incurred \$11.8 million and \$13.0 million of interest expense, respectively. During the year ended December 31, 2019, we made net repayments of \$36.3 million under our Global Revolving Credit Facilities resulting in only Euro-denominated borrowings (with lower interest rates compared to USD-denominated borrowings) outstanding under these facilities as of December 31, 2019.
- Income tax expense represented 17 percent and 9 percent of income from continuing operations before income taxes for the years ended December 31, 2019 and 2018, respectively. In general, our effective tax rate differs from the U.S. statutory tax rate primarily due to impacts of changes in the mix of earnings in taxing jurisdictions with differing statutory rates, the impact of R&D and other tax credits, changes in tax laws and changes in corporate structure as a result of business acquisitions and dispositions.
- For the year ended December 31, 2019, our effective income tax rate related to continuing operations was 17 percent, primarily due to the tax benefit of R&D tax credits generated during the year. For the year ended December 31, 2018, our effective income tax rate related to continuing operations was 9 percent, primarily due to the reduction in the U.S. federal tax rate from 35% to 21%. In addition, the effective tax rate was significantly reduced by the effects of the \$31.1 million impairment loss of the Brattleboro mill and associated research and office facilities (see Note 13 of Notes to Consolidated Financial Statements, "Sale of Brattleboro Mill and Impairment Loss"), as similar sized reconciling items had a larger percentage impact on lower pre-tax book income. Throughout 2018, we completed our analysis of the Tax Act and recorded additional adjustments to reflect a measurement-period tax benefit of \$0.9 million related to the effects of the statutory corporate tax rate reduction and a measurement-period tax expense of \$0.8 million from U.S. federal and state taxes on accumulated earnings and profits ("E&P") of its foreign subsidiaries.

Liquidity and Capital Resources

	Year Ended December 31,	
	2019	2018
Net cash flow provided by (used in):		
Operating activities	\$ 97.6	\$ 92.7
Investing activities:		
Capital expenditures	(21.4)	(38.1)
Proceeds from sale of property, plant and equipment	—	5.0
Other investing activities	(1.9)	(1.2)
Total investing activities	(23.3)	(34.3)
Financing activities	(75.2)	(52.6)
Effect of exchange rate changes on cash and cash equivalents	—	(0.4)
Net increase (decrease) in cash and cash equivalents	\$ (0.9)	\$ 5.4

Operating Cash Flow Commentary

- Cash provided by operating activities of \$97.6 million for the year ended December 31, 2019 was \$4.9 million higher than cash provided by operating activities of \$92.7 million in the prior year. The increase in cash flows resulted primarily from lower pension plan contributions, partly offset by lower cash earnings.

Investing Cash Flow Commentary:

- For the years ended December 31, 2019 and 2018, cash used by investing activities was \$23.3 million and \$34.3 million, respectively. The decrease was primarily due to reduced capital spending in 2019. In addition, 2018 included proceeds from the sale of Brattleboro mill.
- Capital expenditures for the year ended December 31, 2019 were \$21.4 million compared to spending of \$38.1 million in the prior year. Spending was lower in 2019 as a result of a large environmental project completed in 2018 at the Company's filtration plant in Germany, and lower required spending in 2019 for most businesses.
- Going forward, we expect aggregate annual capital expenditures to be within a range of approximately 2 to 4 percent of net sales. We believe that this level of capital spending can be more than adequately funded from cash provided from operating activities and allows us to maintain the efficiency and cost effectiveness of our assets while also investing in expanded capabilities to successfully pursue strategic initiatives and deliver attractive returns.

Financing Cash Flow Commentary:

Our liquidity requirements are provided by cash generated from operations and short and long-term borrowings.

- For the year ended December 31, 2019, cash used by financing activities was \$75.2 million compared to cash used by financing activities of \$52.6 million for the prior year. The increase was due to higher net debt repayments of \$38.1 million in 2019 compared to \$12.8 million in prior year and higher dividends paid in 2019.
- We have the following short- and long-term borrowings:

Secured Bank Credit Facility

In December 2018, we entered into the Fourth Amended Credit Agreement. The Fourth Amended Credit Agreement, among other things: (1) increased the maximum principal amount of our existing credit facility for the U.S. Revolving Credit Facility to \$150 million; (2) maintained the German Revolving Credit Facility in the maximum principal amount of \$75 million; (3) caused Neenah and the other domestic borrowers to guarantee, among other things, the obligations arising under the German Revolving Credit Facility; (4) provides for the Global Revolving Credit Facilities to mature on December 10, 2023; and (5) modifies the accordion feature permitting one or more increases in the Global Revolving Credit Facilities in an aggregate principal amount not exceeding \$125 million, such that the aggregate commitments under the Global Revolving Credit Facilities do not exceed \$350 million. In addition, domestic borrowers may request letters of credit under the U.S. Revolving Credit Facility in an aggregate face amount not to exceed \$20 million outstanding at any time, and German borrowers may request letters of credit under the German Revolving Credit Facility in an aggregate face amount not to exceed \$5 million outstanding at any time. The variable interest rates on our revolving credit facility are based on LIBOR as a benchmark, exposing us to possible changes in interest in the event that the method for determining LIBOR changes, LIBOR is replaced by an alternative reference rate or LIBOR is phased out altogether. We will continue to monitor developments related to the LIBOR transition and identification of an alternative reference rate. The impact related to any changes cannot be predicted at this time. As of December 31, 2019, we had approximately \$21.6 million of LIBOR-based debt. See Note 7 of Notes to Consolidated Financial Statements, "Debt."

Unsecured Senior Notes

We have \$175 million of 2021 Senior Notes. Proceeds from this offering were used to retire the remaining principal amount of 2014 Senior Notes, to repay approximately \$56 million in outstanding revolver borrowings under our bank credit agreement and for general corporate purposes. See Note 7 of Notes to Consolidated Financial Statements, "Debt."

Other Debt

The Second German Loan Agreement provides for €9.0 million of construction financing which is secured by the melt blown machine. The loan matures in September 2022 and principal is repaid in equal quarterly installments. At December 31, 2019, €3.1 million (\$3.5 million, based on exchange rates at December 31, 2019) was outstanding under the Second German Loan Agreement.

In May 2018, Neenah Germany entered into a project financing agreement for construction of a regenerative thermal oxidizer (the "Third German Loan Agreement") to increase the capacity of the existing saturators and ensure compliance with new European air emission standards. The agreement provides for €5.0 million of financing and is secured by the asset. The loan matures in September 2022 and principal is repaid in 13 equal quarterly installments beginning in June 2019. The interest rate on amounts outstanding is 1.45 percent based on actual days elapsed in a 360-day year and is payable quarterly. In the fourth quarter 2018, we received a subsidy from the German government of \$0.9 million due to completion of the regenerative thermal oxidizer project. At December 31, 2019, €3.3 million (\$3.7 million, based on exchange rates at December 31, 2019) was outstanding under the Third German Loan Agreement.

- Availability under our revolving credit facility varies over time depending on the value of our inventory, receivables and various capital assets. As of December 31, 2019, we had \$21.6 million outstanding under our Revolver and \$173.5 million of available credit (based on exchange rates at December 31, 2019).
- We have required debt payments through December 31, 2020 of \$2.6 million on the Second and Third German Loan Agreements.
- For the year ended December 31, 2019, cash and cash equivalents decreased \$0.9 million to \$9.0 million at December 31, 2019 from \$9.9 million at December 31, 2018. Total debt decreased \$38.3 million to \$200.8 million at December 31, 2019 from \$239.1 million at December 31, 2018. Net debt (total debt minus cash and cash equivalents) decreased by \$37.4 million. Total debt was higher at December 31, 2018 due to higher borrowings under our revolving credit facility.
- As of December 31, 2019, our cash balance of \$9.0 million consists of \$2.7 million in the U.S. and \$6.3 million held at entities outside of the U.S. As of December 31, 2019, there were no restrictions regarding the repatriation of our non-U.S. cash.

Transactions with Shareholders

- For the years ended December 31, 2019 and 2018, we paid quarterly cash dividends of \$0.45 per common share or \$30.5 million annually and \$0.41 per common share or \$27.8 million annually, respectively.
- In November 2019, our Board of Directors approved a 4 percent increase in the quarterly dividend rate on our common stock to \$0.47 per share, scheduled to be paid starting in March 2020.
- In November 2019, our Board of Directors authorized a program for the purchase of up to \$25 million of outstanding common stock effective January 1, 2020 ("2020 Stock Purchase Plan"). The program does not require the Company to purchase any specific number of shares and may be suspended or discontinued at any time. Purchases under the 2020 Stock Purchase Plan will be made from time to time in the open market or in privately negotiated transactions in accordance with the requirements of applicable law. The timing and amount of any purchases will depend on share price, market conditions and other factors. For the year ended December 31, 2019, we acquired approximately 79,676 shares of Common Stock at a cost of \$4.9 million. For further details on our Stock Purchase Plans refer to Note 10 of Notes to Consolidated Financial Statements, "Stockholders' Equity."
- For the years ended December 31, 2019 and 2018, we acquired approximately 17,774 and 25,890 shares of Common Stock, respectively, at a cost of \$1.3 million and \$1.5 million, respectively, for shares surrendered by employees to pay taxes due on vested restricted stock awards and stock appreciation rights exercised. In addition, we received \$0.0 million and \$0.6 million in proceeds from the exercise of employee stock options for the years ended December 31, 2019 and 2018, respectively.
- Under the most restrictive terms of the Fourth Amended and Restated Credit Agreement, we are permitted to pay cash dividends on or repurchase shares of our common stock up to the amount available under the Fourth Amended and Restated Credit Agreement, as long as our specified excess availability under the Fourth Amended and Restated Credit

Agreement exceeds the greater of (i) \$25 million and (ii) 12.5% of our aggregate commitments under the Global Revolving Credit Facilities (approximately \$25 million as of December 31, 2019), on a pro forma basis after giving effect to such dividend or stock repurchase (as the case may be). If our specified excess availability, on a pro forma basis, is less than the applicable threshold, we are subject to certain restrictions on the amount of cash dividends we are permitted to declare and the amount of share repurchases we are permitted to execute. As of December 31, 2019, our availability was \$173.5 million, so this restriction did not apply. See our availability under the Fourth Amended and Restated Credit Agreement in Note 7 of Notes to Consolidated Financial Statements, "Debt." Under the most restrictive terms of the 2021 Senior Notes, we are permitted to pay cash dividends of up to \$25 million in a calendar year, but not permitted to repurchase shares of our common stock. However, as long as the net leverage ratio (net debt/EBITDA) under the 2021 Senior Notes is below 2.5x, we can pay dividends or repurchase shares without limitation. In the event the net leverage ratio exceeds 2.5x, we may still pay dividends in excess of \$25 million or repurchase shares by utilizing "restricted payment baskets" as defined in the indenture for the 2021 Senior Notes. As of December 31, 2019, since our leverage ratio was less than 2.5x, none of these covenants were restrictive to our ability to pay dividends on or repurchase shares of our common stock.

Contractual Obligations

The following table presents the total contractual obligations for which cash flows are fixed or determinable as of December 31, 2019:

(In millions)	2020	2021	2022	2023	2024	Beyond 2024	Total
Long-term debt payments	\$ 2.6	\$ 177.8	\$ 1.8	\$ 21.6	\$ —	\$ —	\$ 203.8
Interest payments on long-term debt (a)	9.6	4.6	0.3	0.2	—	—	14.7
Open purchase orders (b)	79.7	—	—	—	—	—	79.7
Other post-employment benefits (c)	5.6	5.0	4.6	4.2	3.9	13.7	37.0
Contributions to pension trusts and other benefit obligations (d)	9.1	0.1	0.1	0.1	0.1	1.2	10.7
Minimum purchase commitments (e)	7.2	0.8	0.2	0.2	—	—	8.4
Operating leases (f)	2.8	2.6	2.3	2.0	1.7	7.4	18.8
Total contractual obligations	<u>\$ 116.6</u>	<u>\$ 190.9</u>	<u>\$ 9.3</u>	<u>\$ 28.3</u>	<u>\$ 5.7</u>	<u>\$ 22.3</u>	<u>\$ 373.1</u>

- (a) Interest payments on long-term debt includes interest on variable rate debt at December 31, 2019 weighted average interest rates.
- (b) The open purchase orders displayed in the table represent amounts we anticipate will become payable within the next 12 months for goods and services that we have negotiated for delivery.
- (c) The above table includes future payments that we will make for postretirement benefits other than pensions. Those amounts are estimated using actuarial assumptions, including expected future service, to project the future obligations.
- (d) We expect to make aggregate contributions to qualified and nonqualified defined benefit pension trusts and to pay pension benefits for unfunded pension plans of \$9 million in 2020. The amount also includes estimated payments of \$0.1 million per year over 20 years for the withdrawal liability from PIUMPF. See Note 8 of Notes to Consolidated Financial Statements, "Pension and Other Postretirement Benefits."
- (e) The minimum purchase commitments in 2020 are primarily for raw material contracts. Although we are primarily liable for payments on the above minimum purchase commitments, based on historic operating performance and forecasted future cash flows, we believe our exposure to losses, if any, under these arrangements is not material.
- (f) We adopted the ASU 2016-02, *Leases (Topic 842)* accounting standard in 2019 by recognizing the present value of the lease payments above as right-of-use assets and corresponding lease liabilities on our consolidated balance sheet. See Note 11 of Notes to Consolidated Financial Statements, "Leases."

Other Items

- As of December 31, 2019, we had \$21.0 million of U.S. federal and \$7.5 million of U.S. state R&D Credits which, if not used, will expire between 2031 and 2039 for the U.S. federal R&D Credits and between 2020 and 2034 for the state R&D Credits. As of December 31, 2019, we had \$44.1 million of state net operating losses (NOLs) which may be used to offset state taxable income. The NOLs are reflected in the consolidated financial statements as a deferred income tax asset of \$2.7 million. If not used, substantially all of the NOLs will expire in various amounts between 2020 and 2039.
- Management believes that our ability to generate cash from operations and our borrowing capacity are adequate to fund working capital, capital spending and other cash needs for the next 12 months. Our ability to generate adequate cash from operations beyond 2019 will depend on, among other things, our ability to successfully implement our business strategies, control costs in line with market conditions and manage the impact of changes in input prices and currencies. We can give no assurance we will be able to successfully implement these items.

Adoption of New Accounting Pronouncements

See Note 2 of Notes to Consolidated Financial Statements, "Summary of Significant Accounting Policies — Recently Adopted Accounting Standards" for a description of accounting standards adopted in the year ended December 31, 2019.

Critical Accounting Policies and Use of Estimates

The preparation of financial statements in conformity with GAAP in the United States requires estimates and assumptions that affect the reported amounts and related disclosures of assets and liabilities at the date of the financial statements and net sales and expenses during the reporting period. Actual results could differ from these estimates, and changes in these estimates are recorded when known. The critical accounting policies used in the preparation of the consolidated financial statements are those that are important both to the presentation of financial condition and results of operations and require significant judgments with regard to estimates used. These critical judgments relate to the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of expenses.

The following summary provides further information about the critical accounting policies and should be read in conjunction with the notes to the consolidated financial statements. We believe that the consistent application of our policies provides readers of our financial statements with useful and reliable information about our operating results and financial condition.

We have discussed the application of these critical accounting policies with our Board of Directors and Audit Committee.

Inventories

We value U.S. inventories at the lower of cost, using the last-in, first-out ("LIFO") method, or market. German and Dutch inventories are valued at the lower of cost, using a weighted-average cost method, or net realizable value. The first-in, first-out ("FIFO") value of U.S. inventories valued on the LIFO method was \$102.2 million and \$109.1 million at December 31, 2019 and 2018, respectively and exceeded such LIFO value by \$8.9 million and \$15.4 million, respectively. Cost includes labor, materials and production overhead. Under the LIFO inventory valuation method, changes in the cost of raw materials and production activities are recognized in cost of sales in the current period even though these materials and other costs may have been incurred at significantly different values due to the length of time of our production cycle. Since we value most of our inventory utilizing the LIFO inventory costing methodology, rapid changes in raw material costs have an immediate impact on our operating results.

Income Taxes

Significant judgment is required in determining our global provision for income taxes and recording the related tax assets and liabilities. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is less than certain. Our effective income tax rates include the tax effects of certain special items, such as R&D Credits, foreign tax rate differences, tax effects of foreign financing structures, changes in statutory tax rates and excess tax benefits from stock compensation. While we believe that these judgments and estimates are appropriate and reasonable under the circumstances, actual resolution of these matters may differ from recorded estimated amounts.

As of December 31, 2019 and 2018, our liability for uncertain income taxes positions was \$7.8 million and \$10.1 million, respectively. The determination of our provision for income taxes requires considerable judgment, the use of estimates, and the interpretation and application of complex tax laws. Significant judgment is also required in assessing the timing and amounts of deductible and taxable items and the probability of sustaining uncertain tax positions. Uncertain tax positions occur, and a resulting income tax liability is recorded when management concludes that an income tax position fails to achieve a more likely than not recognition threshold. When this occurs, the amount of tax benefits recognized may differ from the amount taken or expected to be taken on a tax return. These differences represent unrecognized tax benefits and are reviewed at each reporting period based on facts, circumstances, available evidence and applicable laws. We recognize interest and penalties, if any, related to uncertain tax positions as a component of the provision for income taxes.

Pension and Other Postretirement Benefits

Consolidated pension expense related to continuing operations for defined benefit pension plans was \$3.7 million, \$7.7 million and \$7.0 million for the years ended December 31, 2019, 2018 and 2017, respectively. See Note 8, "Pension and Other Postretirement Benefits" for components of net periodic benefit cost. Accounting for defined benefit pension plans requires various assumptions, including, but not limited to, discount rates, expected long-term rates of return on plan assets, future compensation growth rates and mortality rates. Accounting for our postretirement benefit plans also requires various assumptions, which include, but are not limited to, discount rates and annual rates of increase in the per capita costs of health care benefits.

The following chart summarizes the more significant assumptions used in the actuarial valuation of our defined benefit plans for each of the past three years:

	2019	2018	2017
Pension plans			
Weighted average discount rate for benefit expense	3.78%	3.65%	4.18%
Weighted average discount rate for benefit obligation	2.98%	3.94%	3.49%
Expected long-term rate on plan assets	5.91%	5.78%	6.31%
Rate of compensation increase for benefit expense	2.33%	2.44%	2.49%
Postretirement benefit plans			
Weighted average discount rate for benefit expense	3.84%	3.42%	3.89%
Weighted average discount rate for benefit obligation	2.68%	3.84%	3.27%
Health care cost trend rate assumed for next year	6.10%	6.80%	6.80%
Ultimate cost trend rate	4.50%	4.50%	4.50%
Year that the ultimate cost trend rate is reached	2037	2037	2037

The discount (or settlement) rate that is utilized for determining the present value of future pension obligations in the U.S. is generally based on the yield for a theoretical basket of AA-rated corporate bonds currently available in the market place, whose duration matches the timing of expected pension benefit payments. The discount (or settlement) rate that is utilized for determining the present value of future pension obligations in Germany is generally based on the IBOXX index of AA-rated corporate bonds adjusted to match the timing of expected pension benefit payments.

The expected long-term rate of return on pension fund assets held by our pension trusts was determined based on several factors, including input from pension investment consultants and projected long-term returns of broad equity and bond indices. We also considered the plans' historical 10-year and 15-year compounded annual returns. We evaluate our investment strategy and long-term rate of return on pension asset assumptions at least annually.

For the years ended December 31, 2019, 2018 and 2017, consolidated postretirement health care and life insurance plan benefit expense was \$3.6 million, \$3.1 million and \$2.7 million, respectively. The discount (or settlement) rate that is utilized for determining the present value of future postretirement health care and life insurance plan benefit obligations in the U.S. is generally based on the yield for a theoretical basket of AA-rated corporate bonds currently available in the market place, whose duration matches the timing of expected postretirement health care and life insurance benefit payments. The discount (or settlement) rate that is utilized for determining the present value of future postretirement health care and life insurance obligations for our foreign benefit plans is generally based on an index of AA-rated corporate bonds adjusted to match the timing of expected benefit payments.

We evaluate these assumptions at least once each year or as facts and circumstances dictate and we make changes as conditions warrant. Changes to these assumptions will increase or decrease our reported net periodic benefit expense, which will result in changes to the recorded benefit plan assets and liabilities.

Useful Life and Impairment of Long-Lived Assets

Property, Plant and Equipment

For financial reporting purposes, depreciation is principally computed on the straight-line method over estimated useful asset lives. The weighted average remaining useful lives for buildings, land improvements and machinery and equipment are approximately 19 years, 19 years and 10 years respectively. We also use units-of-production method of depreciation for the U.S. transportation filtration production assets with a gross book value of \$69.3 million, which reflects the nature of the assets' utilization.

Property, plant and equipment are tested for impairment in accordance with ASC Topic 360, *Property, Plant, and Equipment* ("ASC Topic 360"), whenever events or changes in circumstances indicate that the carrying amounts of such long-lived assets may not be recoverable from future net pre-tax cash flows. Impairment testing requires significant management judgment including estimating the future success of product lines, future sales volumes, growth rates for selling prices and costs, alternative uses for the assets and estimated proceeds from disposal of the assets. Impairment testing is conducted at the lowest level where cash flows can be measured and are independent of cash flows of other assets. An asset impairment would be indicated if the sum of the expected future net pre-tax cash flows from the use of the asset (undiscounted and without interest charges) is less than the carrying amount of the asset. An impairment loss would be measured based on the difference between the fair value of the asset and its carrying amount. We determine fair value based on an expected present value technique using multiple cash flow scenarios that reflect a range of possible outcomes and a risk free rate of interest are used to estimate fair value.

The estimates and assumptions used in the impairment analysis are consistent with the business plans and estimates we use to manage our business operations. The use of different assumptions would increase or decrease the estimated fair value of the asset and would increase or decrease the impairment charge. Actual outcomes may differ from the estimates.

There was no impairment indicated as of December 31, 2019.

Goodwill and Other Intangible Assets with Indefinite Lives

We test goodwill for impairment at least annually in conjunction with preparation of Neenah's annual business plan, or more frequently if events or circumstances indicate it might be impaired.

We tested goodwill for impairment as of November 30, 2019 under ASC Topic 350, *Intangibles — Goodwill and Other*. We elected the option under ASC Topic 350, *Intangibles — Goodwill and Other*, to perform a qualitative assessment of our reporting units to determine whether further impairment testing is necessary. In this qualitative assessment, we considered the following items for each of the reporting units: macroeconomic conditions, industry and market conditions, overall financial performance and other entity specific events. In addition, for each of these reporting units, the most recent fair value determination results in an amount that exceeds the carrying amount of the reporting units. Based on these assessments, we determined that the likelihood that a current fair value determination would be less than the current carrying amount of the reporting unit is not more likely than not. As of November 30, 2019, no impairment was indicated.

Other Intangible Assets

Certain trade names are estimated to have indefinite useful lives and as such are not amortized. Intangible assets with indefinite lives are annually reviewed for impairment in accordance with ASC Topic 350.

Acquired intangible assets with finite useful lives are amortized on a straight-line basis over their respective estimated useful lives, and reviewed for impairment in accordance with ASC Topic 360. Intangible assets consist primarily of customer relationships, trade names and acquired intellectual property. Such intangible assets are amortized using the straight-line method over estimated useful lives of between 10 and 15 years.

Our annual test of other intangible assets for impairment at November 30, 2019, 2018 and 2017 indicated that the carrying amount of such assets was recoverable.

Acquisition Accounting

We account for acquisitions under ASC Topic 805, which requires companies to record assets acquired and liabilities assumed at their respective fair market values at the date of acquisition. The accounting for acquisitions involves a considerable amount of judgment and estimate, including the fair value of certain forms of consideration; fair value of acquired intangible assets involving projections of future revenues and cash flows that are then either discounted at an estimated discount rate or measured at an estimated royalty rate; fair value of other acquired assets and assumed liabilities, including potential contingencies; and the useful lives of the acquired assets. The assumptions used are determined at the time of the acquisition in accordance with accepted valuation models. Projections are developed using internal forecasts, available industry and market data and estimates of long-term rates of growth for our business. The impact of prior or future acquisitions on our financial position or results of operations may be materially impacted by the change in or initial selection of assumptions and estimates. Refer to Note 4, "Acquisitions", of Notes to Consolidated Financial Statements included elsewhere in this Annual Report for further discussion of business combination accounting valuation methodology and assumptions.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

As a multinational enterprise, we are exposed to risks such as changes in commodity prices, foreign currency exchange rates, interest rates and environmental regulation. A variety of practices are employed to manage these risks, including operating and financing activities.

Presented below is a description of our most significant risks.

Foreign Currency Risk

Our reported operating results are affected by changes in the exchange rates of the local currencies of our non-U.S. operations relative to the U.S. dollar. For the year ended December 31, 2019, a hypothetical 10 percent strengthening of the U.S. dollar relative to the local currencies of our non-U.S. operations would have decreased our income before income taxes by approximately \$3.8 million. We do not hedge our exposure to exchange risk on reported operating results.

The translation of the balance sheets of our non-U.S. operations from their local currencies into U.S. dollars is also sensitive to changes in the exchange rate of the U.S. dollar. Consequently, we performed a sensitivity test to determine if changes in the exchange rate would have a significant effect on the translation of the balance sheets of our non-U.S. operations into U.S. dollars. These translation gains or losses are recorded as unrealized translation adjustments ("UTA", a component of accumulated other comprehensive income (loss) within stockholders' equity). The hypothetical change in UTA is calculated by multiplying the net assets of our non-U.S. operations by a 10 percent change in the exchange rate of their local currencies compared to the U.S. dollar. As of December 31, 2019, the net assets of our non-U.S. operations exceeded their net liabilities by approximately \$207 million. As of December 31, 2019, a 10 percent strengthening of the U.S. dollar relative to the local currencies of our non-U.S. operations would have decreased our stockholders' equity by approximately \$21 million.

Commodity Risk

Pulp

We purchase the wood pulp used to produce our products on the open market, and, as a result, the price and other terms of those purchases are subject to change based on factors such as worldwide supply and demand and government regulation. We do not have significant influence over the price paid for our wood pulp purchases. Therefore, an increase in wood pulp prices could adversely affect earnings if prices for our products are not increased or if such increases significantly trail the increases in wood pulp prices.

Based on our current quantity of pulp purchases, a \$100 per ton increase in the average market price for pulp would have increased our annual costs for pulp by approximately \$23 million.

Other Manufacturing Inputs

We purchase a substantial portion of the other manufacturing inputs necessary to produce our products on the open market, and, as a result, the price and other terms of those purchases are subject to change based on factors such as worldwide supply and demand and government regulation. We do not have significant influence over our costs for such manufacturing inputs. Therefore, an increase in manufacturing inputs could adversely affect earnings if prices for our products are not increased or if such increases significantly trail the increases in manufacturing inputs.

Our technical products business acquires certain of its specialized pulp requirements from two global suppliers and certain critical specialty latex grades from a limited number of suppliers. In general, these supply arrangements are covered by formal contracts and represent multi-year business relationships that have historically been sufficient to meet our needs. We expect these relationships to continue to operate in a satisfactory manner in the future. In the event of an interruption of production at any one supplier, we believe that each of these suppliers individually would be able to satisfy our short-term requirements for specialized pulp or specialty latex. In the event of a long-term disruption in our supply of specialized pulp or specialty latex, we believe we would be able to substitute other pulp grades or other latex grades that would allow us to meet required product performance characteristics and incur only a limited disruption in our production. As a result, we do not believe that the substitution of such alternative pulp or latex grades would have a material effect on our operations.

We have the ability to generate substantially all of the electrical energy used by our Munising mill and approximately 25 percent of the electrical energy at our Appleton and Bruckmühl mills. Availability of energy is not expected to be a problem in the foreseeable future, but the purchase price of such energy can and likely will fluctuate significantly based on fluctuations in demand and other factors. There is no assurance that that we will be able to obtain electricity or natural gas purchases on favorable terms in the future.

Except for certain specialty latex grades and specialty pulps used by our technical products business, we are not aware of any significant concentration of business transacted with a particular supplier.

Our transportation costs are affected by various market factors as previously discussed under Item 1A, "Risk Factors." We do not have significant influence over our transportation prices. Therefore, an increase in transportation costs could adversely affect earnings if prices for our products are not increased or if such increases significantly trail the increases in transportation costs.

Interest Rate Risk

We are exposed to interest rate risk on our variable rate bank debt. At December 31, 2019, we had \$21.6 million of variable rate borrowings outstanding. A 100 basis point increase in interest rates would increase our annual interest expense on outstanding variable rate borrowings by approximately \$0.2 million.

We believe these risks can be managed and will not have a material effect on our business or our consolidated financial position, results of operations or cash flows.

Item 8. Financial Statements and Supplementary Data

The information required in Item 8 is contained in and incorporated herein by reference from pages F-1 through F-55 of this Annual Report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Our management, with the participation of its Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) as of the end of the period covered by this report. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by us in the reports that we file or submit under the Exchange Act and are effective in ensuring that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rules 13a-15(f) or 15a-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting is designed to provide reasonable assurance to our management and Board of Directors regarding the preparation and fair presentation of published financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2019. The scope of management's assessment of the effectiveness of internal control over financial reporting includes all of the Company's businesses for the year ended December 31, 2019. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control — Integrated Framework (2013). Based upon its assessment, management believes that as of December 31, 2019, the Company's internal controls over financial reporting were effective.

The effectiveness of internal control over financial reporting as of December 31, 2019, has been audited by Deloitte & Touche LLP, the independent registered public accounting firm who also audited our consolidated financial statements. Deloitte & Touche's attestation report on the Company's internal control over financial reporting is included herein. See Item 15, "Exhibits and Financial Statement Schedule."

Neenah, Inc.

February 21, 2020

Changes in Internal Control Over Financial Reporting

There has been no significant change in the Company's internal control over financial reporting during the three months ended December 31, 2019 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

The information required to be set forth herein, except for the information included under Executive Officers of the Company below, relating to nominees for director of Neenah and compliance with Section 16(a) of the Securities Exchange Act of 1934 is set forth under the captions "Election of Directors", "Meetings and Committees of the Board of Directors", "Corporate Governance" and "Section 16(a) Beneficial Ownership Reporting Compliance", respectively, in the Proxy Statement for the Annual Meeting of Stockholders ("Annual Meeting") to be held on May 21, 2020. Such information is incorporated herein by reference. The definitive Proxy Statement will be filed with the Securities and Exchange Commission no later than 120 days after December 31, 2019.

Executive Officers of the Company

Set forth below is information concerning our executive officers.

<u>Name</u>	<u>Position</u>
John P. O'Donnell	President, Chief Executive Officer and Director
Julie A. Schertell	Senior Vice President, Chief Operating Officer
Bonnie C. Lind	Senior Vice President, Chief Financial Officer and Treasurer
Byron J. Racki	Senior Vice President, Sales and Marketing
Ronald J. Lane	Senior Vice President, Operations
Noah S. Benz	Senior Vice President, General Counsel and Secretary
Larry N. Brownlee	Vice President, Controller and Principal Accounting Officer

John P. O'Donnell, born in 1960, is President and Chief Executive Officer and serves as a Director. He has been in that role since May 2011. Prior to becoming President and Chief Executive Office, Mr. O'Donnell served as our Senior Vice President, Chief Operating Officer since June 2010. In November 2007, Mr. O'Donnell joined Neenah as President, Fine Paper. Mr. O'Donnell was employed by Georgia-Pacific Corporation from 1985 until 2007 and held increasingly senior roles in the Consumer Products division. Mr. O'Donnell served as President of the North America Retail Business from 2004 through 2007, and as President of the North American Commercial Tissue business from 2002 through 2004.

Julie A. Schertell, born in 1969, is Senior Vice President, Chief Operating Officer, and has been in that role since January 2020. Ms. Schertell joined Neenah in 2008 and served as Vice President of Sales and Marketing for the Fine Paper division through December 2010, as a Senior Vice President and President, Fine Paper and Packaging through September 2018, and as a Senior Vice President and President, Technical Products through December 2019. Ms. Schertell was employed by Georgia-Pacific Corporation in the Consumer Products Retail division, where she served as Vice President of Sales Strategy from 2007-2008, and as Vice President of Customer Solutions from 2003 through 2007.

Bonnie C. Lind, born in 1958, is Senior Vice President, Chief Financial Officer and Treasurer and has been in that role since June 2004. Ms. Lind was an employee of Kimberly-Clark from 1982 until 2004, holding a variety of increasingly senior financial and operations positions. From 1999 until June 2004, Ms. Lind served as the Assistant Treasurer of Kimberly-Clark and was responsible for managing global treasury operations. Prior to that, she was Director of Kimfibers with overall responsibility for the sourcing and distribution of pulp to Kimberly-Clark's global operations.

Byron J. Racki, born in 1977, is Senior Vice President of Sales and Marketing, and has been in that role since January 2020. Mr. Racki joined the Company in 2006 and has served in areas of increasing responsibility including Vice President of Sales and Marketing for Fine Paper in 2012 and 2013, Vice President of Sales and Marketing, Performance Materials (Specialty Products) in 2014 through 2016, Senior Vice President and President, Performance Materials in 2017 and 2018 and Senior Vice President and President, Fine Paper and Packaging through December 2019. Prior to joining Neenah, Mr. Racki was employed by Kimberly-Clark in the Family Care division in various finance positions.

Ronald J. Lane, born in 1966, is Senior Vice President of Operations, and has been in that role since July 2019. Prior to joining the Company, Mr. Lane was employed by Aleris Corporation, where he served as Senior Vice President of Global

Manufacturing since 2015. Prior to this, Mr. Lane served in various operational leadership roles with National Starch & Chemical Company and Cytex Industries Incorporated.

Noah S. Benz, born in 1973, is Senior Vice President, General Counsel and Secretary and has been in that role since August 2018. Mr. Benz served as Neenah's Vice President, Deputy General Counsel and Assistant Secretary from 2010 through 2018 and Associate General Counsel from 2005 through 2010. Prior to his employment with Neenah, Mr. Benz served as Associate General Counsel for Mariner Health Care, Inc., a nursing home and long-term acute care hospital company. Mr. Benz engaged in the private practice of law with Nelson, Mullins, Riley & Scarborough and Chamberlain Hrdlicka from 1998 through 2003. Mr. Benz received his JD, with honors, from the Emory University School of Law in 1998.

Larry N. Brownlee, born in 1956, is Vice President, Controller and Principal Accounting Officer and has been in that role since July 2004. From 1990 to 2004, Mr. Brownlee served as Controller of several public companies in the electric utility, telephone and healthcare industries. From 1979 to 1990, Mr. Brownlee was with Arthur Andersen & Co. and provided audit services to clients primarily in the manufacturing, utility and healthcare industries. Mr. Brownlee is a Certified Public Accountant and received his Masters of Accountancy from the University of Georgia in 1979.

On February 11, 2020, Neenah announced that its Board of Directors has approved an executive succession plan under which John P. O'Donnell will retire as President, Chief Executive Officer and as a member of the Board, effective as of the Company's 2020 Annual Meeting on May 21, 2020. Julie A. Schertell will succeed Mr. O'Donnell as President and Chief Executive Officer on May 21, 2020. Ms. Schertell was appointed to the Board of Directors, effective immediately, and will stand for re-election at the 2020 Annual Meeting.

There are no family relationships among our directors or executive officers.

Code of Ethics

The Neenah, Inc. Code of Business Conduct and Ethics, applies to all directors, officers and employees of Neenah. The Code of Business Conduct and Ethics meets the requirements of a "code of ethics" as defined by Item 406 of Regulation S-K, and applies to our Chief Executive Officer, Chief Financial Officer (our principal financial officer) and Vice President, Controller (our principal accounting officer), as well as all other employees, as indicated above. The Code of Business Conduct and Ethics also meets the requirements of a code of conduct under New York Stock Exchange listing standards. The Code of Business Conduct and Ethics is posted on our web site at www.neenah.com under the links "Investor Relations — Corporate Governance — Code of Ethics" and print copies are available upon request without charge. You can request print copies by contacting our General Counsel in writing at Neenah, Inc., 3460 Preston Ridge Road, Suite 600, Alpharetta, Georgia 30005 or by telephone at 678-566-6500. We intend to disclose any amendments to the Code of Business Conduct and Ethics, as well as any waivers for executive officers or directors, on our web site at www.neenah.com. Information on our web site is not incorporated by reference in this document.

Item 11. Executive Compensation

Information relating to executive compensation and other matters is set forth under the captions "Compensation, Discussion and Analysis", "Additional Executive Compensation", "Director Compensation", and "Compensation Committee Report" in the Proxy Statement referred to in Item 10 above. Such information is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Information relating to ownership of common stock of Neenah by certain persons is set forth under the caption "Security Ownership of Certain Beneficial Owners and Management" in the Proxy Statement referred to in Item 10 above. Such information is incorporated herein by reference. Information regarding securities authorized for issuance under equity compensation plans of Neenah is set forth under the caption "Equity Compensation Plan Information" in the Proxy Statement referred to in Item 10 above. Such information is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions and Director Independence

Information relating to existing or proposed relationships or transactions between Neenah and any affiliate of Neenah is set forth under the caption "Certain Relationships and Related Transactions" in the Proxy Statement referred to in Item 10 above. Such information is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

Information relating to Neenah's principal accounting fees and services is set forth under the caption "Independent Registered Public Accounting Firm Fees and Services" in the Proxy Statement referred to in Item 10 above. Such information is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedule

(a) Documents filed as part of this report:

1. Consolidated Financial Statements

The following reports and financial statements are filed herewith on the pages indicated:

	<u>Page</u>
Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting	F-2
Report of Independent Registered Public Accounting Firm	F-3
Consolidated Statements of Operations	F-5
Consolidated Statements of Comprehensive Income	F-6
Consolidated Balance Sheets	F-7
Consolidated Statements of Changes in Stockholders' Equity	F-8
Consolidated Statements of Cash Flows	F-9
Notes to Consolidated Financial Statements	F-10

2. Financial Statement schedule

The following schedule is filed herewith:

Schedule II — Valuation and Qualifying Accounts	F-55
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All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and, therefore, have been omitted.

3. Exhibits

See (b) below

(b) Exhibits

The following exhibits are filed with or incorporated by reference in this report. Where such filing is made by incorporation by reference to a previously filed registration statement or report, such registration statement or report is identified in parentheses. We will furnish any exhibit at no cost upon written request to us at: Investor Relations, Neenah, Inc., 3460 Preston Ridge Road, Suite 600, Alpharetta, Georgia 30005.

<u>Exhibit Number</u>	<u>Exhibit</u>
2.1	Interest Purchase Agreement by and among ASP FiberMark Holdings, LLC, ASP FiberMark, LLC, Neenah FMK Holdings, LLC and Neenah Paper, Inc. dated as of July 16, 2015 (filed as Exhibit 2.1 to the Neenah Paper, Inc. Quarterly Report on Form 10-Q for the three months ended September 30, 2015, filed November 9, 2015 and incorporated herein by reference).
2.2	Asset Purchase Agreement, by and among Neenah Paper, Inc., Wausau Paper Corp. and Wausau Paper Mills, LLC, dated as of December 7, 2011 (filed as Exhibit 2.1 to the Neenah Paper, Inc. Current Report on Form 8-K filed January 31, 2012 and incorporated herein by reference).

Exhibit Number	Exhibit
2.30 +	Securities Purchase Agreement by and among Crane Technical Materials, Inc., Crane & Co., Inc., Neenah Paper, Inc. and Neenah Filtration, LLC dated as of June 2, 2014 (filed as Exhibit 2.1 to the Neenah Paper, Inc. Quarterly Report on Form 10-Q for the three months ended June 30, 2014, filed August 7, 2014) (confidential treatment has been granted for certain portions of this exhibit pursuant to a Confidential Treatment Request filed with the Securities Exchange Commission).
3.1	Amended and Restated Certificate of Incorporation of Neenah Paper, Inc. (filed as Exhibit 3.1 to the Neenah Paper, Inc. Current Report on Form 8-K filed November 30, 2004 and incorporated herein by reference).
3.2	Second Amended and Restated Bylaws of Neenah, Inc. (filed as Exhibit 3.2 to the Neenah, Inc. Current Report on Form 8-K filed January 3, 2018 and incorporated herein by reference).
3.3	Certificate of Ownership & Merger merging Neenah, Inc. into Neenah Paper, Inc., dated December 11, 2017 (filed as Exhibit 3.3 to the Neenah, Inc. Annual Report on Form 10-K for the year ended December 31, 2017, filed February 23, 2018 and incorporated herein by reference).
4.1	Indenture dated as of May 23, 2013, by and among the Company, the Guarantors named therein, and the 2021 Notes Trustee filed as Exhibit 4.1 to the Neenah Paper, Inc. Current Report on Form 8-K, filed May 24, 2013 and incorporated herein by reference).
4.2	Form of Notation of Subsidiary Guarantee (included as Exhibit E to Exhibit 4.1).
4.3	Description of the Company's Securities (filed herewith)
10.1	Tax Sharing Agreement dated as of November 30, 2004 by and between Kimberly-Clark Corporation and Neenah Paper, Inc. (filed as Exhibit 10.2 to the Neenah Paper, Inc. Current Report on Form 8-K filed November 30, 2004 and incorporated herein by reference).
10.3*	Neenah Paper Supplemental Pension Plan (filed as Exhibit 10.5 to the Neenah Paper, Inc. Annual Report on Form 10-K for the year ended December 31, 2012, filed March 7, 2013 and incorporated herein by reference).
10.4*	First Amendment to Neenah Paper Supplemental Pension Plan (filed as Exhibit 10.31 to the Neenah Paper, Inc. Annual Report on Form 10-K for the year ended December 31, 2013, filed on March 4, 2014 and incorporated herein by reference).
10.5*	Neenah Paper Amended and Restated Supplemental Retirement Contribution Plan, effective as of January 1, 2016 (filed as Exhibit 10.5 to the Neenah Paper, Inc. Annual Report on Form 10-K for the year ended December 31, 2016, filed on February 24, 2017 and incorporated herein by reference).
10.6*	Neenah Paper Executive Severance Plan (filed as Exhibit 10.7 to the Neenah Paper, Inc. Annual Report on Form 10-K for the year ended December 31, 2012, filed March 7, 2013 and incorporated herein by reference).
10.7*	First Amendment to Neenah Paper Executive Severance Plan (filed as Exhibit 10.33 to the Neenah Paper, Inc. Annual Report on Form 10-K for the year ended December 31, 2013, filed on March 4, 2014 and incorporated herein by reference).
10.8*	Neenah Paper, Inc. Amended and Restated 2004 Omnibus Stock and Incentive Compensation Plan (filed as Annex A to the Neenah Paper, Inc. Definitive Proxy Statement on Schedule 14A filed April 12, 2013 and incorporated herein by reference).
10.9*	Neenah Paper Deferred Compensation Plan approved on December 11, 2006 (filed as Exhibit 10.21 to the Neenah Paper, Inc. Annual Report on Form 10-K for the year ended December 31, 2012, filed March 7, 2013 and incorporated herein by reference).
10.10*	Neenah Paper Directors' Deferred Compensation Plan approved on December 11, 2006. (filed as Exhibit 10.22 to the Neenah Paper, Inc. Annual Report on Form 10-K for the year ended December 31, 2012, filed March 7, 2013 and incorporated herein by reference).
10.11 +	Third Amended and Restated Credit Agreement dated December 18, 2014 by and among Neenah Paper, Inc., certain of its subsidiaries, the lenders listed therein and JPMorgan Chase Bank, N.A., as agent for the Lenders (filed as Exhibit 10.31 to the Neenah Paper, Inc. Annual Report on Form 10-K for the year ended December 31, 2014, filed February 27, 2015 and incorporated herein by reference) (confidential treatment has been granted for certain portions of this exhibit pursuant to a Confidential Treatment Request filed with the Securities Exchange Commission).
10.12	First Amendment, dated as of July 28, 2016, to the Third Amended and Restated Credit Agreement dated December 18, 2014 by and among Neenah Paper, Inc., certain of its subsidiaries, the lenders listed therein and JPMorgan Chase Bank, N.A., as agent for the Lenders (filed as Exhibit 99.1 to the Neenah Paper, Inc. Current Report on Form 8-K, filed August 2, 2016 and incorporated herein by reference).
10.13	Second Amendment, dated as of December 13, 2016, to the Third Amended and Restated Credit Agreement dated December 18, 2014 by and among Neenah Paper, Inc., certain of its subsidiaries, the lenders listed therein and JPMorgan Chase Bank, N.A., as agent for the Lenders (filed as Exhibit 99.1 to the Neenah Paper, Inc. Current Report on Form 8-K, filed December 16, 2016 and incorporated herein by reference).

Exhibit Number	Exhibit
10.14	Third Amendment, dated as of August 30, 2017, to the Third Amended and Restated Credit Agreement dated December 18, 2014 by and among Neenah Paper, Inc., certain of its subsidiaries, the lenders listed therein and JPMorgan Chase Bank, N.A., as agent for the Lenders (filed as Exhibit 10.1 to the Neenah Paper, Inc. Quarterly Report on Form 10-Q, filed November 8, 2017 and incorporated herein by reference).
10.15	Fourth Amendment, dated as of December 14, 2017, to the Third Amended and Restated Credit Agreement dated December 18, 2014 by and among Neenah Paper, Inc., certain of its subsidiaries, the lenders listed therein and JPMorgan Chase Bank, N.A., as agent for the Lenders (filed as Exhibit 10.16 to the Neenah, Inc. Annual Report on Form 10-K for the year ended December 31, 2017, filed February 23, 2018 and incorporated herein by reference).
10.16*	Amended and Restated Neenah Executive Severance Plan (filed as Exhibit 10.1 to the Neenah, Inc. Current Report on Form 8-K filed on April 25, 2017 and incorporated herein by reference)
10.17*	Neenah, Inc. 2018 Omnibus Stock and Incentive Compensation Plan (filed as Appendix A to the Neenah, Inc. Definitive Proxy Statement on Schedule 14A filed on April 13, 2018 and incorporated herein by reference)
10.18	Fourth Amended and Restated Credit Agreement dated December 10, 2018 by and among Neenah, Inc., certain of its subsidiaries, the lenders listed therein and JPMorgan Chase Bank, N.A., as agent for the Lenders (filed as Exhibit 10.19 to the Neenah, Inc. Annual Report on Form 10-K filed on February 22, 2019 and incorporated herein by reference)
10.19	First Amendment, dated as of February 28, 2019, to the Fourth Amended and Restated Credit Agreement dated December 10, 2018 by and among Neenah, Inc., certain of its subsidiaries, the lenders listed therein and JPMorgan Chase Bank, N.A., as agent for the Lenders (filed as Exhibit 10.1 to the Neenah, Inc. Quarterly Report on Form 10-Q, filed May 3, 2019 and incorporated herein by reference)
10.20*	Form of Restricted Stock Unit Award Agreement (retirement) (filed as Exhibit 99.3 to the Neenah, Inc. Current Report on Form 8-K, filed February 1, 2019 and incorporated herein by reference)
10.21*	Form of Performance Share Unit Award Agreement (filed as Exhibit 10.1 to the Neenah, Inc. Quarterly Report on Form 10-Q, filed August 7, 2019 and incorporated herein by reference)
10.22*	Form of Restricted Stock Unit Award Agreement (A - standard award) (filed as Exhibit 10.2 to the Neenah, Inc. Quarterly Report on Form 10-Q, filed August 7, 2019 and incorporated herein by reference)
10.23*	Form of Restricted Stock Unit Award Agreement (B - standard award) (filed as Exhibit 10.3 to the Neenah, Inc. Quarterly Report on Form 10-Q, filed August 7, 2019 and incorporated herein by reference)
21	List of Subsidiaries of Neenah, Inc. (filed herewith).
23	Consent of Deloitte & Touche LLP (filed herewith)
24	Power of Attorney (filed herewith)
31.1	Certification of Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (filed herewith).
31.2	Certification of Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act (filed herewith).
32.1	Certification of Chief Executive Officer required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code (filed herewith).
32.2	Certification of Chief Financial Officer required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code (filed herewith).
101.INS	XBRL Instance Document (filed herewith).
101.SC H	XBRL Taxonomy Extension Schema Document (filed herewith).
101.CA L	XBRL Taxonomy Extension Calculation Linkbase Document (filed herewith).
101.DE F	XBRL Taxonomy Extension Definition Linkbase Document (filed herewith).
101.LA B	XBRL Taxonomy Extension Label Linkbase Document (filed herewith).
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document (filed herewith).

* Indicates management contract or compensatory plan or arrangement.

- + Pursuant to a confidential treatment request portions of this exhibit have been furnished separately to the Securities and Exchange Commission.

(c) Financial Statement Schedule

See Item 15(a) (2) above

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Neenah, Inc.

By: /s/ JOHN P. O'DONNELL

Name:	John P. O'Donnell
Title:	President, Chief Executive Officer and Director (in his capacity as a duly authorized officer of the Registrant and in his capacity as Chief Executive Officer)
Date:	February 21, 2020

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>/s/ JOHN P. O'DONNELL</u> John P. O'Donnell	President, Chief Executive Officer and Director (Principal Executive Officer)	February 21, 2020
<u>/s/ JULIE A. SCHERTELL</u> Julie A. Schertell	Senior Vice President, Chief Operating Officer and Director	February 21, 2020
<u>/s/ BONNIE C. LIND</u> Bonnie C. Lind	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)	February 21, 2020
<u>/s/ LARRY N. BROWNLEE</u> Larry N. Brownlee	Vice President, Controller (Principal Accounting Officer)	February 21, 2020
<u>/s/ WILLIAM M. COOK*</u> William M. Cook	Chairman of the Board and Director	February 21, 2020
<u>/s/ DONNA M. COSTELLO*</u> Donna M. Costello	Director	February 21, 2020
<u>/s/ MARGARET S. DANO*</u> Margaret S. Dano	Director	February 21, 2020
<u>/s/ TIMOTHY S. LUCAS*</u> Timothy S. Lucas	Director	February 21, 2020
<u>/s/ PHILIP C. MOORE*</u> Philip C. Moore	Director	February 21, 2020
<u>/s/ TONY R. THENE*</u> Tony R. Thene	Director	February 21, 2020
<u>/s/ STEPHEN M. WOOD*</u> Stephen M. Wood	Director	February 21, 2020

*By: /s/ NOAH S. BENZ
 Noah S. Benz
 Senior Vice President, General Counsel and Secretary
 Attorney-in-fact

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Neenah, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Neenah, Inc. and subsidiaries (the “Company”) as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2019, of the Company and our report dated February 21, 2020, expressed an unqualified opinion on those consolidated financial statements and financial statement schedule.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Atlanta, Georgia
February 21, 2020

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Neenah, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Neenah, Inc. and subsidiaries (the "Company") as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive income, changes in stockholders' equity, and cash flows, for each of the three years in the period ended December 31, 2019, and the related notes and the schedule listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 21, 2020, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Income Taxes - Recognition and Measurement of Uncertain Tax Positions - Refer to Notes 2 and 6 to the consolidated financial statements

Critical Audit Matter Description

The Company evaluates uncertain tax positions and amounts are recognized when it is more likely than not that the position will be sustained upon examination. Once the recognition threshold is met, the Company records the amount that is estimated to be more likely than not realized. The Company establishes a reserve for uncertain tax positions that do not meet this threshold. Judgment is required to evaluate each uncertain tax position to determine whether the more likely than not recognition thresholds have been met. Amounts recorded for uncertain tax positions as of December 31, 2019 were approximately \$7.8 million, primarily related to research and development ("R&D") tax credits.

Given the complexities of the tax laws and regulations and the subjectivity of the amounts to be realized, performing procedures to audit management's estimates for the recognition and measurement of uncertain tax positions involved a high degree of judgment and an increased extent of effort, including the need to include our income tax specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the recognition and measurement of uncertain tax positions included the following, among others:

- We tested the effectiveness of controls over the Company's recognition and measurement of the uncertain tax positions, such as controls over the identification and evaluation of the relevant tax laws and regulations, the evaluation of subjective estimates of amounts to be realized and the supervision of third-party income tax specialists.
- We evaluated, with the assistance of our tax specialists, a selection of underlying tax positions to evaluate the more likely than not principle as it applied to the specific underlying tax position.
- We evaluated, with the assistance of our income tax specialists, including those with expertise in R&D tax credits, the appropriateness of the Company's recognition of uncertain tax positions by performing the following:
 - Obtaining management and third-party opinions or memoranda regarding the analysis of uncertain tax positions and identifying the key judgments and evaluating whether the analysis was consistent with our interpretation of the relevant laws and regulations.
 - Reviewing relevant tax laws, regulations, interpretive guidance and the Company's positions regarding its R&D tax credits. With respect to the measurement of the amount of uncertain tax positions to be recorded, our income tax specialists also assisted in evaluating the appropriateness of the Company's estimates, including review of Company history and assumptions as well as data from external sources for relevance and consistency.
 - Evaluating the matters raised by tax authorities in former and ongoing tax audits and considering the implications of these matters on open tax years.
 - Assessing changes and interpretation of applicable tax law.

/s/ Deloitte & Touche LLP

Atlanta, Georgia
February 21, 2020

We have served as the Company's auditor since 2003.

NEENAH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except share and per share data)

	Year Ended December 31,		
	2019	2018	2017
Net sales	\$ 938.5	\$ 1,034.9	\$ 979.9
Cost of products sold	755.1	851.5	779.7
Gross profit	183.4	183.4	200.2
Selling, general and administrative expenses	98.6	95.9	95.3
Restructuring, integration and other costs	6.2	2.1	1.3
Pension and SERP-related adjustments (Note 8)	(1.4)	1.8	0.6
Impairment loss (Note 13)	—	31.1	—
Acquisition-related adjustments (Note 4)	—	(3.9)	—
Insurance settlement	—	(0.4)	(3.2)
Other expense, net	1.7	2.7	1.9
Operating income	78.3	54.1	104.3
Interest expense	11.8	13.0	12.7
Interest income	—	—	(0.1)
Income from continuing operations before income taxes	66.5	41.1	91.7
Provision for income taxes	11.1	3.9	11.4
Income from continuing operations	55.4	37.2	80.3
Loss from discontinued operations, net of taxes (Note 2)	—	(0.8)	—
Net income	<u>\$ 55.4</u>	<u>\$ 36.4</u>	<u>\$ 80.3</u>
Earnings (Loss) Per Common Share			
Basic			
Continuing operations	\$ 3.27	\$ 2.20	\$ 4.74
Discontinued operations	—	(0.05)	—
	<u>\$ 3.27</u>	<u>\$ 2.15</u>	<u>\$ 4.74</u>
Diluted			
Continuing operations	\$ 3.26	\$ 2.17	\$ 4.68
Discontinued operations	—	(0.05)	—
	<u>\$ 3.26</u>	<u>\$ 2.12</u>	<u>\$ 4.68</u>
Weighted Average Common Shares Outstanding (in thousands)			
Basic	16,848	16,850	16,805
Diluted	<u>16,906</u>	<u>16,968</u>	<u>17,052</u>

See Notes to Consolidated Financial Statements

NEENAH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions)

	Year Ended December 31,		
	2019	2018	2017
Net income	\$ 55.4	\$ 36.4	\$ 80.3
Reclassification of amounts recognized in the consolidated statement of operations:			
Amortization of adjustments to pension and other postretirement benefit liabilities	6.0	6.0	5.9
Pension plan settlement/curtailment losses	1.3	0.8	0.6
Amounts recognized in the consolidated statement of operations	7.3	6.8	6.5
Unrealized foreign currency translation (loss) gain	(3.5)	(7.9)	20.0
Net loss from pension and other postretirement benefit plans	(13.7)	(11.2)	(20.3)
Deferred loss on "available-for-sale" securities	—	—	(0.4)
(Loss) income from other comprehensive income items before income taxes	(9.9)	(12.3)	5.8
Benefit for income taxes	(1.7)	(1.0)	(3.0)
Other comprehensive (loss) income	(8.2)	(11.3)	8.8
Comprehensive income	\$ 47.2	\$ 25.1	\$ 89.1

See Notes to Consolidated Financial Statements

NEENAH, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In millions, except share data)

	December 31,	
	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 9.0	\$ 9.9
Accounts receivable, net	102.6	114.8
Inventories	122.8	131.6
Prepaid and other current assets	18.3	21.6
Total Current Assets	<u>252.7</u>	<u>277.9</u>
Property, Plant and Equipment, net	380.6	396.2
Lease Right-of-Use Assets	13.9	—
Deferred Income Taxes	13.4	16.4
Goodwill (Note 5)	83.1	84.0
Intangible Assets, net (Note 5)	66.7	70.7
Other Assets	17.4	16.0
TOTAL ASSETS	<u><u>\$ 827.8</u></u>	<u><u>\$ 861.2</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Debt payable within one year	\$ 2.6	\$ 2.3
Lease liabilities payable within one year	1.9	—
Accounts payable	48.9	63.3
Accrued expenses	47.0	55.2
Total Current Liabilities	<u>100.4</u>	<u>120.8</u>
Long-Term Debt	198.2	236.8
Noncurrent Lease Liabilities	13.0	—
Noncurrent Employee Benefits	93.1	92.9
Deferred Income Taxes	12.9	14.4
Other Noncurrent Obligations	3.9	6.1
TOTAL LIABILITIES	<u>421.5</u>	<u>471.0</u>
Commitments and Contingencies (Note 12)		
Stockholders' Equity		
Common stock, par value \$0.01, authorized: 100,000,000 shares; issued and outstanding: 16,843,000 shares and 16,859,000 shares	0.2	0.2
Treasury stock, at cost: 1,835,000 shares and 1,738,000 shares	(82.8)	(76.6)
Additional paid-in capital	334.1	328.5
Retained earnings	268.1	243.2
Accumulated other comprehensive loss	(113.3)	(105.1)
Total Stockholders' Equity	<u>406.3</u>	<u>390.2</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>\$ 827.8</u></u>	<u><u>\$ 861.2</u></u>

See Notes to Consolidated Financial Statements

NEENAH, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(In millions, shares in thousands)

	<u>Common Stock</u>		Treasury Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss
	Shares	Amount				
Balance, December 31, 2016	18,245	\$ 0.2	\$ (56.5)	\$ 317.0	\$ 169.6	\$ (92.0)
Net income	—	—	—	—	80.3	—
Other comprehensive income, net of income taxes	—	—	—	—	—	8.8
Reclassification of the stranded tax effects related to the Tax Act (Note 10)	—	—	—	—	10.9	(10.9)
Dividends declared	—	—	—	—	(25.1)	—
Shares purchased (Note 10)	—	—	(6.8)	—	—	—
Stock options exercised	140	—	—	0.4	—	—
Restricted stock vesting (Note 10)	73	—	(2.5)	—	—	—
Stock-based compensation	—	—	—	6.4	—	—
Other/Currency	—	—	—	0.1	—	—
Balance, December 31, 2017	18,458	0.2	(65.8)	323.9	235.7	(94.1)
Net income	—	—	—	—	36.4	—
Other comprehensive loss, after income tax benefit	—	—	—	—	—	(11.3)
Reclassification of the unrealized loss on "available-for-sale" securities (Note 10)	—	—	—	—	(0.3)	0.3
Reclassification of deferred income taxes on intra-entity asset transfers (Note 6)	—	—	—	—	(0.8)	—
Dividends declared	—	—	—	—	(27.8)	—
Shares purchased (Note 10)	—	—	(9.3)	—	—	—
Stock options exercised	67	—	—	0.7	—	—
Restricted stock vesting (Note 10)	72	—	(1.5)	—	—	—
Stock-based compensation	—	—	—	4.0	—	—
Other/Currency	—	—	—	(0.1)	—	—
Balance, December 31, 2018	18,597	0.2	(76.6)	328.5	243.2	(105.1)
Net income	—	—	—	—	55.4	—
Other comprehensive loss, after income tax benefit	—	—	—	—	—	(8.2)
Dividends declared	—	—	—	—	(30.5)	—
Shares purchased (Note 10)	—	—	(4.9)	—	—	—
Stock options exercised	17	—	—	—	—	—
Restricted stock vesting (Note 10)	64	—	(1.3)	—	—	—
Stock-based compensation	—	—	—	5.6	—	—
Balance, December 31, 2019	<u>18,678</u>	<u>\$ 0.2</u>	<u>\$ (82.8)</u>	<u>\$ 334.1</u>	<u>\$ 268.1</u>	<u>\$ (113.3)</u>

See Notes to Consolidated Financial Statements

NEENAH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)

	Year Ended December 31,		
	2019	2018	2017
OPERATING ACTIVITIES			
Net income	\$ 55.4	\$ 36.4	\$ 80.3
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	38.9	36.1	33.3
Impairment loss (Note 13)	—	31.1	—
Stock-based compensation	5.6	4.0	6.4
Deferred income tax provision	3.4	(1.9)	(0.2)
Pension curtailment (gain)/settlement charge, net of plan payments (Note 8)	(1.4)	1.8	0.6
Loss on asset dispositions	0.1	0.3	0.2
Non-cash effects of changes in liabilities for uncertain income tax positions	(0.7)	0.1	(0.1)
Net cash used in changes in operating working capital, net of effect of acquisitions (Note 15)	(0.6)	(1.0)	(11.8)
Pension and other post-employment benefits	(3.7)	(12.3)	(8.0)
Other	0.6	(1.9)	(0.7)
NET CASH PROVIDED BY OPERATING ACTIVITIES	97.6	92.7	100.0
INVESTING ACTIVITIES			
Capital expenditures	(21.4)	(38.1)	(42.7)
Business acquisition (Note 4)	—	—	(43.1)
Asset acquisition	—	—	(8.0)
Proceeds from sale of property, plant and equipment (Note 13)	—	5.0	—
Sales (purchases) of marketable securities	(0.4)	0.1	(0.6)
Other	(1.5)	(1.3)	(0.6)
NET CASH USED IN INVESTING ACTIVITIES	(23.3)	(34.3)	(95.0)
FINANCING ACTIVITIES			
Proceeds from issuance of long-term debt (Note 7)	163.5	272.8	323.7
Debt issuance costs (Note 7)	(0.4)	(1.8)	(0.3)
Repayments of long-term debt (Note 7)	(201.6)	(285.6)	(293.3)
Cash dividends paid	(30.5)	(27.8)	(25.1)
Shares purchased (Note 10)	(6.2)	(10.8)	(9.3)
Proceeds from exercise of stock options	—	0.6	0.4
Other	—	—	0.1
NET CASH USED IN FINANCING ACTIVITIES	(75.2)	(52.6)	(3.8)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	—	(0.4)	0.2
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(0.9)	5.4	1.4
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	9.9	4.5	3.1
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 9.0	\$ 9.9	\$ 4.5

See Notes to Consolidated Financial Statements

NEENAH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in millions, except as noted)

Note 1. Background and Basis of Presentation

Background

Neenah, Inc. ("Neenah" or the "Company"), is a Delaware corporation incorporated in April 2004. The Company has two primary operations: its technical products business and its fine paper and packaging business.

The technical products business is an international producer of fiber-formed, coated and/or saturated specialized media that delivers high performance benefits to customers. Included in this segment are filtration media, tape and abrasives backings products, digital image transfer, durable label, and other specialty substrate products. The fine paper and packaging business is a supplier of branded premium printing, packaging and other high-end specialty papers primarily in North America. The Company's premium writing, text and cover papers, and specialty papers are used in commercial printing and imaging applications for corporate identity packages, invitations, personal stationery and high-end advertising, as well as premium labels and luxury packaging.

Basis of Presentation

The consolidated financial statements include the financial statements of the Company and its wholly owned and majority owned subsidiaries. All inter-company balances and transactions have been eliminated in consolidation.

Note 2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of net sales and expenses during the reporting periods. Actual results could differ from these estimates, and changes in these estimates are recorded when known. Significant management judgment is required in determining the accounting for, among other things, reserves for uncertain tax positions, pension and postretirement benefit obligations, retained insurable risks, reserves for sales discounts and allowances, purchase price allocations, useful lives for depreciation and amortization, asset retirement obligations ("AROs"), future cash flows associated with impairment testing for tangible and intangible long-lived assets, goodwill, income taxes, contingencies, inventory obsolescence and market reserves and the valuation of stock-based compensation.

Revenue Recognition

The Company recognizes sales revenue at a point in time following the transfer of control of the product to the customer, which typically occurs upon shipment or delivery depending on the terms of the underlying contractual arrangements. Sales are reported net of allowable discounts and estimated returns. Reserves for cash discounts, trade allowances and sales returns are estimated using historical experience. The Company accounts for shipping and handling activities related to contracts with customers as costs to fulfill our promise to transfer the associated products. Accordingly, the Company records customer payments of shipping and handling costs as a component of net sales and classifies such costs as a component of cost of sales. The Company excludes tax amounts assessed by governmental authorities that are both (i) imposed on and concurrent with a specific revenue-producing transaction and (ii) collected from customers from our measurement of transaction prices. Accordingly, such tax amounts are not included as a component of net sales or cost of sales. The Company considers each transaction/shipment as a separate performance obligation. Neenah recognizes revenue when the title transfers to the customer. As such, the remaining performance obligations at period end are not considered significant. Sales terms in the technical products business vary depending on the type of product sold and customer category. In general, sales are collected in approximately 45 to 55 days. Extended credit terms of up to 120 days are offered to customers located in certain international markets. Fine paper and packaging sales terms range between 20 and 30 days

NEENAH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

with discounts of 0 to 2 percent for early customer payments, with discounts of one percent and 20-day terms used most often. Extended credit terms are offered to customers located in certain international markets. Refer to Note 14, "Business Segment and Geographic Information", for further disaggregation of revenue.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with an initial maturity of three months or less. The Company places its temporary cash investments with high credit quality financial institutions. As of December 31, 2019 and 2018, \$0.1 million and \$0.1 million, respectively, of the Company's cash and cash equivalents is restricted to the payment of postretirement benefits for certain former Fox River executives.

Inventories

U.S. inventories are valued at the lower of cost, using the last-in, first-out ("LIFO") method for financial reporting purposes, or market. European inventories are valued at the lower of cost, using a weighted-average cost method, or net realizable value. Cost includes labor, materials and production overhead.

Foreign Currency

Balance sheet accounts of the Company's operations in Germany and the Netherlands, the United Kingdom (the "U.K."), and Canada are translated from Euros, British Pounds, and Canadian dollars, respectively, into U.S. dollars at period-end exchange rates, and income and expense accounts are translated at average exchange rates during the period. Translation gains or losses related to net assets located in Germany, the Netherlands, the U.K., and Canada are recorded as unrealized foreign currency translation adjustments within accumulated other comprehensive income (loss) ("AOCI") in stockholders' equity. Gains and losses resulting from foreign currency transactions (transactions denominated in a currency other than the entity's functional currency) are included in Other expense, net in the consolidated statements of operations.

Property and Depreciation

Property, plant and equipment are stated at cost, less accumulated depreciation. Certain costs of software developed or obtained for internal use are capitalized. When property, plant and equipment is sold or retired, the costs and the related accumulated depreciation are removed from the accounts, and the gains or losses are recorded in Other (income) expense, net. For financial reporting purposes, depreciation is principally computed on the straight-line method over estimated useful asset lives. The weighted average remaining useful lives for buildings, land improvements and machinery and equipment are approximately 19 years, 19 years and 10 years, respectively. The units-of-production method of depreciation is used for the U.S. transportation filtration production assets with a gross book value of \$69.3 million, which reflects the nature of the assets' utilization. For income tax purposes, accelerated methods of depreciation are used.

The costs of major rebuilds and replacements of plant and equipment are capitalized, and the cost of maintenance performed on manufacturing facilities, composed of labor, materials and other incremental costs, is expensed as incurred. Start-up costs for new or expanded facilities, including costs related to trial production, are expensed as incurred.

The Company accounts for AROs in accordance with Accounting Standards Codification ("ASC") Topic 410, *Asset Retirements and Environmental Obligations*, which requires companies to make estimates regarding future events in order to record a liability for AROs in the period in which a legal obligation is created. Such liabilities are recorded at fair value, with an offsetting increase to the carrying value of the related long-lived asset. As of December 31, 2019, the Company is unable to estimate its AROs for environmental liabilities at its manufacturing facilities.

NEENAH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with the fair value recognition provisions of ASC Topic 718, *Compensation — Stock Compensation* ("ASC Topic 718"). The amount of stock-based compensation cost recognized is based on the fair value of grants that are ultimately expected to vest and is recognized pro-rata over the requisite service period for the entire award.

Research and Development Expense

Research and development costs are charged to expense as incurred and are recorded in "Selling, general and administrative expenses" on the consolidated statement of operations. See Note 15, "Supplemental Data — Supplemental Statement of Operations Data."

Fair Value Measurements

The Company measures fair value in accordance with ASC Topic 820, *Fair Value Measurements and Disclosures* ("ASC Topic 820") which establishes a framework for measuring fair value. ASC Topic 820 provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Fair Value of Financial Instruments

The carrying amounts reflected in the consolidated balance sheets for cash and cash equivalents, accounts receivable and accounts payable approximate fair value due to their short maturities. The fair value of short and long-term debt is estimated using rates currently available to the Company for debt of the same remaining maturities. The following table presents the carrying value and the fair value of the Company's debt.

	12/31/2019		12/31/2018	
	Carrying Value	Fair Value (a)	Carrying Value	Fair Value (a)
2021 Senior Notes (5.25% fixed rate)	\$ 175.0	\$ 174.3	\$ 175.0	\$ 170.5
Global Revolving Credit Facilities (variable rates)	21.6	21.6	57.9	57.9
Second German Loan Agreement (2.5% fixed rate)	3.5	3.6	4.8	5.1
Third German Loan Agreement (1.45% fixed rate)	3.7	3.7	4.9	4.9
Total debt	<u>\$ 203.8</u>	<u>\$ 203.2</u>	<u>\$ 242.6</u>	<u>\$ 238.4</u>

(a) Fair value for all debt instruments was estimated from Level 2 measurements.

The Company's investments in marketable securities are accounted for as "available-for-sale securities" in accordance with ASC Topic 320, *Investments — Debt and Equity Securities* ("ASC Topic 320"). Pursuant to ASC Topic 320, marketable securities are reported at fair value on the consolidated balance sheet and holding gains and losses are reported in "Other Income (Expense), net" on the Company's consolidated statements of operations. At December 31, 2019, the Company had

NEENAH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

\$4.0 million in marketable securities classified as Other assets on the consolidated balance sheet. The cost of such marketable securities was \$4.4 million. Fair value for the Company's marketable securities was estimated from Level 1 inputs. The Company's marketable securities are designated for the payment of benefits under its supplemental employee retirement plan ("SERP").

Fair Value of Pension Plan Assets

With the exception of cash and cash equivalents which are considered Level 1, and the annuity contracts which are considered Level 3, pension plan assets are measured at Net Asset Value ("NAV") (or its equivalent) as an alternative to fair market value due to the absence of readily available market prices, and as such are not subject to the fair value hierarchy. Following is the fair value of each investment category:

- Cash and cash equivalents (\$0.8 million and \$1.7 million at December 31, 2019 and 2018, respectively).
- U.S and non-U.S. Equities (\$122.5 million and \$107.8 million at December 31, 2019 and 2018, respectively) — These proprietary collective funds have observable NAVs (based on the fair value of the underlying investments of the funds) that are provided to investors and provide for liquidity either immediately or within a few days.
- U.S and non-U.S. Fixed Income Securities (\$219.4 million and \$192.7 million at December 31, 2019 and 2018, respectively) — These proprietary collective funds have observable NAVs (based on the fair value of the underlying investments of the funds) that are provided to investors and provide for liquidity either immediately or within a few days.
- Hedge Fund/Other (\$29.9 million and \$27.9 million at December 31, 2019 and 2018, respectively) — This fund is valued using NAVs calculated by the underlying investment managers and allow for quarterly or more frequent redemptions.

In conjunction with the Coldenhove Acquisition, there were purchases of \$46.8 million into Level 3 plan assets during the year ended December 31, 2017, as the defined benefit plan for Neenah Coldenhove is administered through an insurance contract.

The following table summarizes the changes in Level 3 defined benefit pension plan assets (Neenah Coldenhove insurance contract) measured at fair value on a recurring basis for the year ended December 31, 2019 and 2018:

	Return on plan assets						Fair Value at December 31
	Fair Value at January 1	Attributable to Assets Held at December 31	Attributable to Assets Sold	Net Purchases/ (Settlements)	Transfers into/ (out of) Level 3	Foreign currency effects	
For the year ended December 31, 2017	\$ —	0.2	—	46.9	—	1.3	\$ 48.4
For the year ended December 31, 2018	\$ 48.4	(0.9)	—	(0.3)	—	(2.1)	\$ 45.1
For the year ended December 31, 2019	\$ 45.1	7.5	—	(0.2)	—	(0.9)	\$ 51.5

Discontinued Operations

During the three months ended September 30, 2018, the Company recorded an additional loss on sale of \$0.8 million arising from the final adjustment to the transaction price on the sale of the Lahnstein Mill in 2015.

NEENAH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

Accounting Standards Changes

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* ("ASU 2016-02"). ASU 2016-02 requires lessees to put most leases on their balance sheets but recognize expenses on their income statements in a manner similar to current lease accounting. The amendments in this ASU are effective January 1, 2019. In July 2018, the FASB issued ASU 2018-11, *Leases - Targeted Improvements*, to allow a company to elect an optional modified retrospective transition method that applies the new lease requirements through a cumulative-effect adjustment in the period of adoption. Effective January 1, 2019, the Company adopted the new lease accounting standard using the modified retrospective transition option of applying the new standard at the adoption date. The Company elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Company to carry forward the historical lease classification. The most significant change was related to the recognition of \$16 million of right-of-use assets and corresponding lease liabilities of \$17 million on its consolidated balance sheet as of January 1, 2019. The adoption of this standard did not have a material impact related to existing leases and as a result, a cumulative-effect adjustment was not recorded. See Note 11, "Leases."

In March 2017, the FASB issued ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost (Topic 715)*. ASU 2017-07 requires entities to (1) disaggregate the current service-cost component from the other components of net benefit cost (the "other components") and present it with other current compensation costs for related employees in the income statement and (2) present the other components elsewhere in the income statement and outside of income from operations if such a subtotal is presented. In addition, only the service-cost component of net benefit cost is eligible for capitalization in inventories. The Company adopted this ASU as of January 1, 2018. As a result of the adoption, the Company reclassified \$1.5 million and \$1.2 million of net cost for the year ended December 31, 2017, of other components of net benefit cost from "Cost of products sold" and "Selling, general and administrative expenses" to "Other Expense - net" on the consolidated statements of operations. There was no other material impact on its consolidated financial statements due to the adoption.

As of December 31, 2019, no other amendments to the ASC had been issued and not adopted by the Company that will have or are reasonably likely to have a material effect on the its financial position, results of operations or cash flows.

Note 3. Earnings per Share ("EPS")

The Company's restricted stock units ("RSUs") are paid non-forfeitable common stock dividends and thus meet the criteria of participating securities. Accordingly, basic EPS has been calculated using the two-class method, under which earnings are allocated to both common stock and participating securities. Basic EPS has been computed by dividing net income allocated to common stock by the weighted average common shares outstanding. For the computation of basic EPS, weighted average RSUs outstanding are excluded from the calculation of weighted average shares outstanding.

ASC Topic 260, *Earnings per Share* ("ASC Topic 260") requires companies with participating securities to calculate diluted earnings per share using the "two class" method. The "two class" method requires first calculating diluted earnings per share using a denominator that includes the weighted average share equivalents from the assumed conversion of dilutive securities. Diluted earnings per share is then calculated using net income reduced by the amount of distributed and undistributed earnings allocated to participating securities calculated using the "Treasury Stock" method and a denominator that includes the weighted average share equivalents from the assumed conversion of dilutive securities excluding participating securities. Companies are required to report the lower of the diluted earnings per share amounts under the two calculations subject to the anti-dilution provisions of ASC Topic 260.

Diluted EPS has been computed by dividing net income allocated to common stock by the weighted average number of common shares used in computing basic EPS, further adjusted to include the dilutive impact of the exercise or conversion of common stock equivalents, such as stock options, stock appreciation rights ("SARs") and target awards of RSUs with performance conditions ("Performance Share Units" or "PSUs"), into shares of common stock as if those securities were exercised or converted. For the years ended December 31, 2019, 2018 and 2017, approximately 231,000, 143,000 and 72,000 potentially dilutive options, respectively, were excluded from the computation of dilutive common shares because the exercise price of such options exceeded the average market price of the Company's common stock for the respective 12-month periods during which the options were outstanding.

NEENAH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

The following table presents the computation of basic and diluted shares of common stock used in the calculation of EPS (amounts in millions, except share and per share amounts):

Earnings per basic common share

	Year Ended December 31,		
	2019	2018	2017
Income from continuing operations	\$ 55.4	\$ 37.2	\$ 80.3
Amounts attributable to participating securities	(0.3)	(0.2)	(0.6)
Income from continuing operations available to common stockholders	55.1	37.0	79.7
Loss from discontinued operations, net of income taxes	—	(0.8)	—
Amounts attributable to participating securities	—	—	—
Net income available to common stockholders	\$ 55.1	\$ 36.2	\$ 79.7
Weighted-average basic shares outstanding	16,848	16,850	16,805
Basic earnings (loss) per share			
Continuing operations	\$ 3.27	\$ 2.20	\$ 4.74
Discontinued operations	—	(0.05)	—
	\$ 3.27	\$ 2.15	\$ 4.74

Earnings per diluted common share

	Year Ended December 31,		
	2019	2018	2017
Income from continuing operations	\$ 55.4	\$ 37.2	\$ 80.3
Amounts attributable to participating securities	(0.3)	(0.4)	(0.5)
Income from continuing operations available to common stockholders	55.1	36.8	79.8
Loss from discontinued operations, net of income taxes	—	(0.8)	—
Amounts attributable to participating securities	—	—	—
Net income available to common stockholders	\$ 55.1	\$ 36.0	\$ 79.8
Weighted-average basic shares outstanding	16,848	16,850	16,805
Add: Assumed incremental shares under stock-based compensation plans	58	118	247
Weighted average diluted shares	16,906	16,968	17,052
Diluted earnings (loss) per share			
Continuing operations	\$ 3.26	\$ 2.17	\$ 4.68
Discontinued operations	—	(0.05)	—
	\$ 3.26	\$ 2.12	\$ 4.68

Note 4. Acquisitions

On November 1, 2017, the Company purchased all of the outstanding equity of Neenah Coldenhove for net cash of approximately \$43 million. Neenah Coldenhove is a specialty materials manufacturer based in the Netherlands, with a leading position in digital transfer media and other technical products.

The Company accounted for the transaction using the acquisition method in accordance with ASC Topic 805, *Business Combinations* ("ASC Topic 805"). The allocation of the purchase price was based on estimates of the fair value of assets

NEENAH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

acquired and liabilities assumed as of November 1, 2017. The Company did not recognize any in-process research and development assets as part of the acquisition.

The following table summarizes the allocation of the purchase price to the estimated fair value of the assets acquired and liabilities assumed as of December 31, 2017.

	December 31, 2017
Assets Acquired	
Cash and cash equivalents	\$ 4.9
Accounts receivable	4.7
Inventories (a)	12.7
Deferred income taxes	0.4
Prepaid and other current assets	0.2
Property, plant and equipment (a)	31.2
Non-amortizable intangible assets	1.2
Amortizable intangible assets	4.7
Acquired goodwill (a)	10.0
Other assets	0.1
Total assets acquired	70.1
Liabilities Assumed	
Accounts payable	4.1
Accrued expenses	5.4
Contingent liability (b)	2.3
Deferred income taxes (a)	3.5
Noncurrent employee benefits	4.9
Long-term debt	1.8
Other noncurrent obligations	0.1
Total liabilities assumed	22.1
Net assets acquired	\$ 48.0

- (a) The Company had up to 12 months from the closing of the acquisition to finalize its valuations. Management evaluated additional information and determined that the preliminary valuation of inventory at the acquisition date should have been determined using fair value assumptions that would have resulted in the fair value of inventory being lower than originally estimated primarily due to changes in the assumptions related to inventory margins of the acquired business. In addition, management evaluated additional information related to fixed assets and updated the preliminary valuation of fixed assets at the acquisition date. Accordingly, during the nine months ended September 30, 2018, adjustments were made to reduce the carrying value of inventories and fixed assets by \$1.5 million, with a corresponding increase to the value of goodwill of \$1.1 million, net of income taxes.
- (b) In conjunction with the acquisition, the Company assumed a contingent liability of \$2.3 million related to the acquisition of direct customer relationships by Neenah Coldenhove, which amount was contingent on the growth of sales from these customer relationships in 2018 and 2019. During the year ended December 31, 2018, the Company reduced the estimated liability to \$0.8 million and recognized a receivable of \$2.4 million from the former shareholders of Neenah Coldenhove related to a claim under an escrow arrangement. These two items totaling \$3.9 million were recognized as income during the year ended December 31, 2018, as they relate to the

NEENAH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

operating results subsequent to the acquisition. These amounts were settled during the year ended December 31, 2019.

The Company estimated the fair value of the assets and liabilities acquired in accordance with ASC Topic 820, *Fair Value Measurements and Disclosures* ("ASC Topic 820"). The fair value of amortizable and non-amortizable intangible assets was estimated by applying a royalty rate to projected revenue, net of income tax impacts and adjusted for present value considerations. The Company estimated the fair value of acquired property, plant and equipment using a combination of cost and market approaches. In general, the fair value of other acquired assets and liabilities was estimated using the cost basis of Neenah Coldenhove.

The excess of the purchase price over the estimated fair value of the tangible net assets and identifiable intangible assets acquired was recorded as acquired goodwill. The factors contributing to the amount of goodwill recognized are based on several strategic and synergistic benefits that are expected to be realized from the acquisition of Neenah Coldenhove. These benefits include entry into profitable new markets for performance materials with new capabilities and recognized brands and synergies from combining the business with Neenah's existing infrastructure. None of the goodwill recognized as part of the Coldenhove Acquisition will be deductible for income tax purposes. All of the acquired goodwill was allocated to the Technical Products segment.

For the year ended December 31, 2018, the Company incurred \$0.5 million of integration costs. For the year ended December 31, 2017, the Company incurred \$1.3 million of acquisition and restructuring costs. For the year ended December 31, 2017, the Company recorded net sales of \$7.5 million and insignificant loss from operations before income taxes (excluding the acquisition related costs described above) for the acquired business.

The following selected unaudited pro forma consolidated statements of operations data for the year ended December 31, 2017 was prepared as though the Coldenhove Acquisition had occurred on January 1, 2016. The information does not reflect future events that may occur after the acquisition or any operating efficiencies or inefficiencies that may result from the Coldenhove Acquisition. Therefore, the information is not necessarily indicative of results that would have been achieved had the businesses been combined during the periods presented or the results that the Company will experience going forward.

	<u>Year Ended December 31, 2017</u>
Net sales	\$ 1,019.8
Operating income	108.9
Net income	<u>\$ 83.0</u>
Earnings Per Common Share	
Basic	<u>\$ 4.90</u>
Diluted	<u>\$ 4.84</u>

Note 5. Goodwill and Other Intangible Assets

The Company follows the guidance of ASC Topic 805, *Business Combinations* ("ASC Topic 805"), in recording goodwill arising from a business combination as the excess of purchase price over the fair value of identifiable assets acquired and liabilities assumed.

The Company tests goodwill for impairment at least annually on November 30 in conjunction with preparation of its annual business plan, or more frequently if events or circumstances indicate it might be impaired.

NEENAH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

The Company tested goodwill for impairment as of November 30, 2019 under ASC Topic 350, *Intangibles — Goodwill and Other*. The Company elected the option under ASC Topic 350, *Intangibles — Goodwill and Other*, to perform a qualitative assessment of the Company's reporting units to determine whether further impairment testing is necessary. In this qualitative assessment, the Company considered the following items for each of the reporting units: macroeconomic conditions, industry and market conditions, overall financial performance and other entity specific events. In addition, for each of these reporting units, the most recent fair value determination results in an amount that exceeds the carrying amount of the reporting units. Based on these assessments, the Company determined that the likelihood that a current fair value determination would be less than the current carrying amount of the reporting unit is not more likely than not. There was no impairment in the carrying value of goodwill for the years ended December 31, 2019, 2018 and 2017, with the exception of \$0.1 million of goodwill impairment related to the sale of the Brattleboro mill in 2018. See Note 13, "Sale of Brattleboro mill and Impairment Loss."

Intangible assets with finite useful lives are amortized on a straight-line basis over their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with ASC Topic 360, *Property, Plant, and Equipment*. Intangible assets consist primarily of customer relationships, trade names and acquired intellectual property. Such intangible assets are amortized using the straight-line method over estimated useful lives of between 10 and 15 years. Certain trade names are estimated to have indefinite useful lives and as such are not amortized. Intangible assets with indefinite lives are reviewed for impairment at least annually. There was no impairment in the carrying value of intangible assets with indefinite lives for the years ended December 31, 2019, 2018 and 2017.

The following table presents the carrying value of goodwill by business segment and changes in the carrying value of goodwill.

	Technical Products			Fine Paper and Packaging			Other			
	Gross Amount	Accumulated Impairment Losses	Net	Gross Amount	Accumulated Impairment Losses	Net	Gross Amount	Accumulated Impairment Losses	Net	Net
Balance at December 31, 2017	\$ 128.3	\$ (49.6)	\$ 78.7	\$ 6.2	—	6.2	\$ 0.4	—	0.4	\$ 85.3
Adjustment of goodwill acquired in the Coldenhove Acquisition (a)	1.1	—	1.1	—	—	—	—	—	—	1.1
Impairment related to the Brattleboro mill and associated office and research facilities (b)	—	—	—	—	—	—	—	(0.1)	(0.1)	(0.1)
Foreign currency translation	(4.5)	2.2	(2.3)	—	—	—	—	—	—	(2.3)
Balance at December 31, 2018	124.9	(47.4)	77.5	6.2	—	6.2	0.4	(0.1)	0.3	84.0
Realignment of Other segment (c)	0.4	(0.1)	0.3	—	—	—	(0.4)	0.1	(0.3)	—
Foreign currency translation	(1.9)	1.0	(0.9)	—	—	—	—	—	—	(0.9)
Balance at December 31, 2019	<u>\$ 123.4</u>	<u>\$ (46.5)</u>	<u>\$ 76.9</u>	<u>\$ 6.2</u>	<u>\$ —</u>	<u>\$ 6.2</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 83.1</u>

- (a) As a result of finalizing the acquisition accounting for Neenah Coldenhove in 2018, an adjustment of \$1.1 million, net of income taxes, was recorded as a reduction to inventory and fixed assets and increase to goodwill.
- (b) In conjunction with the sale of the Brattleboro mill, a goodwill impairment loss of \$0.1 million was recognized in 2018.
- (c) In January 2019, the Company realigned the remaining products manufactured in the Other business segment to be managed as part of the Technical Products business segment. See Note 14, "Business Segment and Geographic Information."

NEENAH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

Other Intangible Assets

As of December 31, 2019, the Company had net identifiable intangible assets of \$66.7 million. All such intangible assets were acquired in the acquisitions of Neenah Germany, Fox River, FiberMark, Neenah Coldenhove and the Crane technical materials business, and the acquisition of the Wausau and Southworth brands. The following table details amounts related to those assets.

	12/31/2019		12/31/2018	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Amortizable intangible assets				
Customer based intangibles	\$ 38.2	\$ (20.4)	\$ 38.3	\$ (18.2)
Trade names and trademarks	5.1	(2.7)	5.1	(2.5)
Acquired technology	16.9	(8.0)	16.9	(6.7)
Total amortizable intangible assets	60.2	(31.1)	60.3	(27.4)
Trade names	37.6	—	37.8	—
Total	\$ 97.8	\$ (31.1)	\$ 98.1	\$ (27.4)

The following table presents intangible assets acquired in conjunction with the Coldenhove Acquisition as of December 31, 2017:

	Intangibles	Estimated Useful Lives (Years)
Intangible assets — definite lived		
Trade names and trademarks	\$ 0.5	10
Customer based intangibles	2.9	15
Acquired technology	1.3	4
Total	4.7	
Non-amortizable trade names	1.2	
Total intangible assets	\$ 5.9	

As of December 31, 2019, \$43.1 million and \$23.6 million of such intangible assets are reported within the Technical Products and Fine Paper and Packaging, respectively. See Note 14, "Business Segment and Geographic Information." Aggregate amortization expense of acquired intangible assets for the years ended December 31, 2019, 2018 and 2017 was \$3.9 million, \$4.3 million and \$3.7 million, respectively and was reported in Cost of products sold on the consolidated statement of operations. Estimated amortization expense for the years ended December 31, 2020, 2021, 2022, 2023 and 2024 is \$3.7 million, \$3.5 million, \$2.9 million, \$2.7 million and \$2.7 million, respectively.

Note 6. Income Taxes

The Company accounts for income taxes in accordance with ASC Topic 740, *Income Taxes*. Income tax expense represented 16.7 percent, 9.5 percent and 12.4 percent of income from continuing operations before income taxes for the years ended December 31, 2019, 2018 and 2017, respectively.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation in the Tax Cuts and Jobs Act of 2017 (the "Tax Act"). The Tax Act significantly revised the U.S. corporate income tax by, among other things, reducing the

NEENAH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

statutory corporate tax rate from 35% to 21% effective January 1, 2018, eliminating certain deductions, imposing a mandatory one-time tax on accumulated earnings of foreign subsidiaries, introducing new tax regimes and changing how foreign earnings are subject to U.S. tax. The Tax Act also enhanced and extended through 2026 the option to claim accelerated depreciation deductions on qualified property. In conjunction with the tax law changes, the Securities and Exchange Commission ("SEC") in Staff Accounting Bulletin No. 118 ("SAB 118") provided for a measurement period of one year from the enactment date to finalize the accounting for effects of the Tax Act. As of December 31, 2017, the Company provisionally recorded an income tax benefit of \$6.5 million related to the Tax Act. This amount was comprised of a \$10.3 million tax benefit from the remeasurement of federal net deferred income tax liabilities resulting from the reduction in the U.S. statutory corporate tax rate to 21% from 35%, less \$3.8 million of tax expense from the mandatory one-time tax on the previously untaxed accumulated earnings and profits ("E&P") of its foreign subsidiaries. Also, as of December 31, 2017, the Company early adopted ASU 2018-02, *Reclassification of Certain Tax Effects From Accumulated Other Comprehensive Income (Topic 740)* and reclassified \$10.9 million from AOCI to retained earnings to address the stranded tax effects resulting from the effect of lower tax rates in the Tax Act on items within AOCI.

In June 2017, as part of the annual strategic plan review, the Company reassessed its intentions regarding the indefinite reinvestment of undistributed earnings of the German operations and asserted its intent to indefinitely reinvest them. As a result, effective in the second quarter of 2017, the Company did not provide deferred income taxes on 2017 unremitted earnings of the German operations. In addition, in that quarter the deferred income tax liability of \$4.1 million which was recorded in 2016 on unremitted German earnings was eliminated with a reduction to 2017 income tax expense. As noted above, the Tax Act included a mandatory one-time tax on previously untaxed accumulated E&P of its foreign subsidiaries, and as a result, previously unremitted E&P from all foreign countries were subject to this U.S. tax and a liability of \$3.8 million was recorded thereon as of December 31, 2017.

During 2018, the Company completed its analysis of the Tax Act and interpreted additional guidance issued by the U.S. Treasury Department. In addition, legislative actions by the various U.S. states related to application of the Tax Act provisions on state tax returns was considered. The Company recorded additional adjustments throughout 2018 to reflect a measurement-period tax benefit of \$0.9 million related to the effects of the statutory corporate tax rate reduction and a measurement-period tax expense of \$0.8 million from U.S. federal and state taxes on accumulated E&P of its foreign subsidiaries. As of December 31, 2018, a cumulative net tax benefit of \$6.6 million related to the Tax Act was reflected, comprised of a \$11.2 million tax benefit from the remeasurement of federal net deferred income tax liabilities resulting from the reduction in the U.S. statutory corporate tax rate, less \$4.6 million of tax expense from the mandatory one-time U.S. federal tax on certain previously untaxed accumulated E&P of its foreign subsidiaries and related state income tax impacts. As of December 31, 2018, the measurement period for purposes of SAB 118 ended and the Company completed the accounting for all of the impacts of the Tax Act.

As of December 31, 2017, the Company was not yet able to reasonably estimate the effects for the Global Intangible Low-Taxed Income ("GILTI") provisions of the Tax Act, therefore no provisional effects were recorded. Also, at that time, the Company had not made a policy decision regarding whether to record deferred income taxes on GILTI or use the period cost method. During the three months ended March 31, 2018, the Company elected an accounting policy to record GILTI tax expense as a period cost, if and when incurred each year. Also, beginning in that quarter, the Company was able to reasonably estimate the annual effects of GILTI and reflects this effect in its annual effective tax rate.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

The following table presents the principal reasons for the difference between the Company's effective income tax rate and the U.S. federal statutory income tax rate:

	Year Ended December 31,					
	2019	2019	2018	2018	2017	2017
U.S. federal statutory income tax rate	21.0 %	\$ 14.0	21.0 %	\$ 8.6	35.0 %	\$ 32.1
U.S. state income taxes, net of federal income tax benefit	1.4 %	0.9	(1.0)%	(0.4)	1.9 %	1.7
Foreign tax rate differences (a)	3.6 %	2.4	6.8 %	2.8	(3.4)%	(3.1)
Tax on foreign dividends (b)	0.9 %	0.6	3.6 %	1.5	(0.3)%	(0.3)
Foreign financing structure (c)	(3.0)%	(2.0)	(5.1)%	(2.1)	(2.2)%	(2.0)
Change in statutory tax rates (d)	— %	—	(3.9)%	(1.6)	(10.6)%	(9.7)
Research and development and other tax credits	(6.2)%	(4.1)	(10.5)%	(4.3)	(3.3)%	(3.0)
Excess tax benefits from stock compensation	(0.2)%	(0.1)	(2.9)%	(1.2)	(4.9)%	(4.5)
Uncertain income tax positions	(1.9)%	(1.3)	2.0 %	0.8	0.8 %	0.7
Other differences, net	1.1 %	0.7	(0.5)%	(0.2)	(0.6)%	(0.5)
Effective income tax rate	<u>16.7 %</u>	<u>\$ 11.1</u>	<u>9.5 %</u>	<u>\$ 3.9</u>	<u>12.4 %</u>	<u>\$ 11.4</u>

- (a) Represents the impact on the Company's effective tax rate due the mix of earnings among taxing jurisdictions with differing statutory rates. In 2019 and 2018, the U.S. federal tax rate is lower than the tax rate in Germany and the Netherlands.
- (b) For 2017, the amount reflects the net benefit of the indefinite reinvestment assertion of \$4.1 million, less the \$3.8 million mandatory one-time tax on the accumulated E&P of foreign subsidiaries from the Tax Act. For 2018, the amount reflects a measurement-period adjustment of \$0.8 million to the mandatory one-time tax on the accumulated E&P of foreign subsidiaries, and in 2019 and 2018 includes federal GILTI impacts and state taxation of foreign E&P.
- (c) Represents the impact on the Company's effective tax rate of the Company's financing strategies.
- (d) Represents the net benefit from remeasurement of the net deferred income tax liabilities from tax rate changes. For 2017, the amount reflects a tax benefit of \$10.3 million from the Tax Act, less \$0.6 million of tax expense from a state tax rate change in Germany. For 2018, the amount reflects an additional measurement-period tax benefit adjustment of \$0.9 million from the Tax Act, plus \$0.7 million of tax benefit from a federal tax rate change in the Netherlands.

The Company's effective income tax rate can be affected by many factors, including but not limited to, changes in the mix of earnings in taxing jurisdictions with differing statutory rates, the impact of research and development tax credits ("R&D Credits"), changes in tax laws and changes in corporate structure as a result of business acquisitions and dispositions. In addition to the impact of the reduction in the U.S. federal statutory tax rate from 35% to 21%, the 2018 effective income tax rate was significantly reduced by the effects of the \$31.1 million impairment loss of the Brattleboro mill and associated research and office facilities (see Note 13), as similar sized reconciling items had a larger percentage impact on lower pre-tax book income.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

The following table presents the U.S. and foreign components of income from continuing operations before income taxes:

	Year Ended December 31,		
	2019	2018	2017
Income (loss) from continuing operations before income taxes:			
U.S.	\$ 30.1	\$ (1.7)	\$ 53.6
Foreign	36.4	42.8	38.1
Total	<u>\$ 66.5</u>	<u>\$ 41.1</u>	<u>\$ 91.7</u>

The following table presents the components of the provision (benefit) for income taxes:

	Year Ended December 31,		
	2019	2018	2017
Provision (benefit) for income taxes:			
Current:			
Federal	\$ 0.3	\$ (3.0)	\$ 4.7
State	(0.2)	0.1	0.5
Foreign	7.6	8.7	6.4
Total current income tax provision	<u>7.7</u>	<u>5.8</u>	<u>11.6</u>
Deferred:			
Federal	3.0	(0.6)	(1.8)
State	0.8	(0.2)	(0.1)
Foreign	(0.4)	(1.1)	1.7
Total deferred income tax provision	<u>3.4</u>	<u>(1.9)</u>	<u>(0.2)</u>
Total provision for income taxes	<u>\$ 11.1</u>	<u>\$ 3.9</u>	<u>\$ 11.4</u>

The current federal and state tax provisions were reduced in 2018 as a result of incremental pension contributions which could be applied to the 2017 tax year at the 35% federal rate and from refund of half of the Alternative Minimum Tax credits. The 2018 federal and state deferred income tax provision was reduced by the effects of the book impairment loss of the Brattleboro mill in excess of the write-off of its tax basis. In 2017, the federal deferred income tax provision was reduced by a net \$8.1 million as a result of the Tax Act and the German tax rate increase. This amount included \$10.3 million of tax rate reduction from the Tax Act, less \$0.6 million from the German tax rate increase, less \$1.6 million of impact of the mandatory one-time tax on the accumulated earnings of foreign subsidiaries from the Tax Act. The 2017 federal current tax provision was increased by \$2.2 million due to the mandatory one-time tax on foreign earnings.

The Company has elected to treat its Canadian subsidiary as a branch for U.S. income tax purposes. Therefore, its pre-tax loss, arising primarily from employee benefit plan costs, is included in determining U.S. federal and state income taxes.

NEENAH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

The asset and liability approach is used to recognize deferred income tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities. The components of deferred income tax assets and liabilities, net of reserves for uncertain tax positions and valuation allowances, are as follows:

	December 31,	
	2019	2018
Deferred income tax assets (liabilities)		
Research and development tax credits	\$ 21.5	\$ 20.0
Employee benefits	15.9	16.5
Net operating losses and other tax credits	6.4	7.4
Lease liabilities	3.1	—
Accrued liabilities	2.1	2.3
Interest limitation	—	1.7
Inventories	(0.6)	1.0
Lease right-of-use assets	(2.8)	—
Intangibles	(4.7)	(4.2)
Accelerated depreciation	(28.0)	(28.8)
Other	0.5	0.5
Net deferred income tax assets	<u>\$ 13.4</u>	<u>\$ 16.4</u>
Deferred income tax assets (liabilities)		
Accelerated depreciation	\$ (16.7)	\$ (16.6)
Intangibles	(3.0)	(3.2)
Inventories	(0.9)	(1.0)
Lease right-of-use assets	(0.7)	—
Net operating losses	0.2	0.2
Lease liabilities	0.7	—
Employee benefits	7.5	6.3
Other	—	(0.1)
Net deferred income tax liabilities	<u>\$ (12.9)</u>	<u>\$ (14.4)</u>

The presentation above reflects net deferred income tax assets of U.S. federal and state jurisdictions and the net deferred income tax liabilities related to operations of Germany, the Netherlands and the U.K.

As of December 31, 2019, the Company had \$21.0 million of U.S. federal and \$7.5 million of U.S. state R&D Credits which, if not used, will expire between 2031 and 2039 for the U.S. federal R&D Credits and between 2020 and 2034 for the state R&D Credits. As of December 31, 2019, the Company had \$44.1 million of state net operating losses (NOLs) which may be used to offset state taxable income. The NOLs are reflected in the consolidated financial statements as a deferred income tax asset of \$2.7 million. If not used, substantially all of the NOLs will expire in various amounts between 2020 and 2039. The Company had pre-acquisition and recognized built-in loss carryovers of \$7.6 million, reflected as a deferred income tax asset of \$1.6 million. The Company also had \$0.7 million of federal Alternative Minimum Tax Credit carryovers, which under the Tax Act are fully refundable by no later than 2021.

On January 1, 2018, the Company implemented ASU 2016-16, *Accounting for Income Taxes: Intra-Entity Asset Transfers of Assets Other Than Inventory*. The standard requires the recognition of the income tax consequences of an intra-entity

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

transfer of an asset other than inventory when the transfer occurs. For the Company, the tax effects related to a 2017 transfer of intellectual property were affected by this standard. The standard was applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of January 1, 2018. The Company recorded a \$2.9 million deferred income tax asset in the U.S. and eliminated a \$3.7 million prepaid tax asset in Germany, each with offsets to retained earnings.

As of December 31, 2019 and 2018, the Company had \$48.8 million and \$58.4 million, respectively, of undistributed earnings (net of foreign taxes) of foreign subsidiaries. Except for immaterial foreign currency exchange considerations, the Company will be able to repatriate these foreign earnings without U.S. federal taxation due to previously taxed income under the GILTI provisions.

The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction, various U.S. state jurisdictions and foreign jurisdictions. The Company is no longer subject to U.S. federal examination for years before 2016, to state and local examinations for years before 2015 and to non-U.S. income tax examinations for years before 2013. The following is a tabular reconciliation of the total amounts of uncertain tax positions as of and for the years ended December 31, 2019, 2018 and 2017:

	For the Years Ended December 31,		
	2019	2018	2017
Balance at January 1,	\$ 10.1	\$ 10.0	\$ 10.3
Increases in prior period tax positions	0.7	0.1	0.4
Decreases in prior period tax positions	(1.2)	—	(1.0)
Increases in current period tax positions	0.6	0.8	0.7
Decreases due to lapse of statutes of limitations	(1.5)	(0.6)	(1.0)
Increases due to change in tax rates	—	0.1	0.4
Decreases due to settlements with tax authorities	(0.9)	(0.2)	—
Increases (decreases) from foreign exchange rate changes	—	(0.1)	0.2
Balance at December 31,	<u>\$ 7.8</u>	<u>\$ 10.1</u>	<u>\$ 10.0</u>

The \$7.8 million of reserves for uncertain tax positions as of December 31, 2019 were reflected on the consolidated balance sheets as follows: \$7.3 million netted against deferred income tax assets and \$0.5 million in other noncurrent obligations. The \$10.1 million of reserves for uncertain tax positions as of December 31, 2018 were reflected on the consolidated balance sheets as follows: \$7.9 million netted against deferred income tax assets, \$2.2 million in other noncurrent obligations. The \$10.0 million of reserves for uncertain tax positions as of December 31, 2017 were reflected on the consolidated balances as follows: \$2.3 million netted against deferred income tax assets, \$5.3 million netted against (added to) deferred income tax liabilities and \$2.4 million in other noncurrent obligations.

If recognized, \$7.8 million of the benefit for uncertain tax positions at December 31, 2019 would favorably affect the Company's effective tax rate in future periods. The Company files income tax returns and is subject to examination by various taxing jurisdictions. The Company records uncertain tax positions in accordance with ASC 740 on the basis of a two-step process in which (1) it is determined whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position, and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the Company recognizes the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority.

The Company does not expect that facts and circumstances such as the expiration of statutes of limitations or the settlement of audits in the next 12 months will result in liabilities for uncertain income tax positions that are materially different than the amounts that were accrued as of December 31, 2019.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

The Company recognizes accrued interest and penalties related to uncertain income tax positions in the Provision for income taxes on the consolidated statements of operations. As of December 31, 2019 and 2018, the Company had less than \$0.1 million and \$0.1 million, respectively, accrued for interest and penalties related to uncertain income tax positions.

As of December 31, 2019 and 2018, the Company had \$5.2 million and \$2.2 million of foreign tax credits, all of which the Company believes will expire unutilized. Therefore, as of December 31, 2019 and 2018, the Company recorded a valuation allowance of equal amounts against this deferred income tax asset. As of December 31, 2019 and 2018, the Company also had a valuation allowance of \$0.5 million and \$0.5 million, respectively, against its state tax credits and NOLs. In determining the need for a valuation allowance, the Company considers many factors, including specific taxing jurisdictions, sources of taxable income, income tax strategies and forecasted earnings for the entities in each jurisdiction. A valuation allowance is recognized if, based on the weight of available evidence, the Company concludes that it is more likely than not that some portion or all of the deferred income tax asset will not be realized.

Note 7. Debt

Long-term debt consisted of the following:

	December 31,	
	2019	2018
2021 Senior Notes (5.25% fixed rate) due May 2021	\$ 175.0	\$ 175.0
Global Revolving Credit Facilities (variable rates) due December 2023	21.6	57.9
Second German Loan Agreement (2.45% fixed rate) due in quarterly installments ending September 2022	3.5	4.8
Third German Loan Agreement (1.45% fixed rate) due in quarterly installments ending September 2022	3.7	4.9
Deferred financing costs	(3.0)	(3.5)
Total Debt	200.8	239.1
Less: Debt payable within one year	2.6	2.3
Long-term debt	<u>\$ 198.2</u>	<u>\$ 236.8</u>

Unsecured 2021 Senior Notes

In May 2013, the Company completed an underwritten offering of eight-year senior unsecured notes (the "2021 Senior Notes") at a face amount of \$175 million. The 2021 Senior Notes bear interest at a rate of 5.25%, payable in arrears on May 15 and November 15 of each year, commencing on November 15, 2013, and mature on May 15, 2021. Proceeds from this offering were used to redeem the remaining \$70 million outstanding principal amount of ten-year 7.375% senior unsecured notes, originally issued on November 30, 2004, to repay approximately \$56 million in outstanding revolving credit agreement borrowings and for general corporate purposes. The 2021 Senior Notes are fully and unconditionally guaranteed by substantially all of the Company's domestic subsidiaries (the "Guarantors"). The 2021 Senior Notes were sold in a private placement transaction, have not been registered under the Securities Act of 1933, as amended, and may not be offered or sold absent registration or an applicable exemption from registration requirements.

The 2021 Senior Notes rank equally in right of payment with all the Company's existing and future senior unsecured indebtedness. The guarantees of the 2021 Senior Notes are senior unsecured obligations of the Guarantors and rank equally in right of payment with all existing and future senior unsecured indebtedness of the Guarantors. The 2021 Senior Notes and the guarantees of the 2021 Senior Notes are effectively subordinated to the Company's and the Guarantors' existing and future secured indebtedness (to the extent of the value of the collateral) and are structurally subordinated to all indebtedness and other obligations of the Company's subsidiaries that do not guarantee the 2021 Senior Notes, including the trade creditors of such non-guarantor subsidiaries.

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(Dollars in millions, except as noted)

Terms, Covenants and Events of Default. The 2021 Senior Notes contain terms, covenants and events of default with which the Company must comply, which the Company believes are ordinary and standard for notes of this nature. Among other things, the 2021 Senior Notes contain covenants restricting the Company's ability to incur certain additional debt, make specified restricted payments, pay dividends, authorize or issue capital stock, enter into transactions with the Company's affiliates, consolidate or merge with or acquire another business, sell certain of the Company's assets or liquidate, dissolve or wind-up the Company. As of December 31, 2019, the Company was in compliance with all terms of the indenture for the 2021 Senior Notes.

Under the most restrictive terms of the 2021 Senior Notes, the Company is permitted to pay cash dividends of up to \$25 million in a calendar year, but not permitted to repurchase shares of the Company's common stock. However, as long as the net leverage ratio (net debt/EBITDA) under the 2021 Senior Notes is below 2.5x, the Company can pay dividends or repurchase shares without limitation. In the event the net leverage ratio exceeds 2.5x, the Company may still pay dividends in excess of \$25 million or repurchase shares by utilizing "restricted payment baskets" as defined in the indenture for the 2021 Senior Notes. As of December 31, 2019, since the Company's leverage ratio was less than 2.5x, none of these covenants were restrictive to the Company's ability to pay dividends on or repurchase shares of the Company's common stock.

Amended and Restated Secured Revolving Credit Facility

In December 2018, the Company amended and restated its existing credit facility by entering into the Fourth Amended and Restated Credit Agreement (the "Fourth Amended Credit Agreement") by and among the Company and certain of its domestic subsidiaries as the "Domestic Borrowers", Neenah Services GmbH & Co. KG and certain of its German subsidiaries as the "German Borrowers", certain other subsidiaries as the "German Guarantors", the financial institutions signatory to the Fourth Amended Credit Agreement as lenders (the "Lenders"), and JPMorgan Chase Bank, N.A., as agent for the Lenders (the "Administrative Agent").

The Fourth Amended Credit Agreement, among other things: (1) increased the maximum principal amount of the existing credit facility for the Domestic Borrowers to \$150 million (the "U.S. Revolving Credit Facility"); (2) maintains the secured, multicurrency, revolving credit facility for the German Borrowers in the maximum principal amount of \$75 million (the "German Revolving Credit Facility," and together with the U.S. Revolving Credit Facility, the "Global Revolving Credit Facilities"); (3) caused the Company and the other Domestic Borrowers to guarantee, among other things, the obligations of the German Borrowers arising under the German Revolving Credit Facility; (4) provides for the Global Revolving Credit Facilities to mature on December 10, 2023; and (5) modifies the accordion feature permitting one or more increases in the Global Revolving Credit Facilities in an aggregate principal amount not exceeding \$125 million, such that the aggregate commitments under the Global Revolving Credit Facilities do not exceed \$350 million. In addition, the Domestic Borrowers may request letters of credit under the U.S. Revolving Credit Facility in an aggregate face amount not to exceed \$20 million outstanding at any time, and the German Borrowers may request letters of credit under the German Revolving Credit Facility in an aggregate face amount not to exceed \$5 million outstanding at any time.

Proceeds of borrowings under the Global Revolving Credit Facilities may be used to finance working capital needs, permitted acquisitions, permitted investments (including certain inter-company loans), certain dividends, distributions and other restricted payments, and for other general corporate purposes.

The consolidated statements of cash flows present borrowings and repayments under the Global Revolving Credit Facilities and the predecessor revolving bank credit facility using a gross approach. This approach presents not only discrete borrowings for transactions such as a business acquisition, but also reflects all borrowings and repayments that occur as part of daily management of cash receipts and disbursements. For the years ended December 31, 2019 and 2018, all of the borrowings related to the daily cash management. For the year ended December 31, 2017, \$31 million was borrowed in conjunction with the Coldenove Acquisition and the remaining \$293 million included borrowings for daily cash management.

The right of the Domestic Borrowers to borrow and obtain letters of credit under the U.S. Revolving Credit Facility is subject to, among other things, the borrowing base of the Domestic Borrowers on a consolidated basis (the "Domestic Borrowing Base"). The right of the German Borrowers to borrow and obtain letters of credit under the German Revolving

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

Credit Facility is similarly subject to a borrowing base requirement (the "German Borrowing Base"). The German Borrowing Base is initially determined on a combined basis for all German Borrowers. Under certain circumstances (including the occurrence of an event of default resulting from an act or omission of any German Borrower or German Guarantor), the Administrative Agent may require the German Borrowing Base to be determined separately for each of the German Borrowers. At its option the Company may, from time to time, allocate a portion of the Domestic Borrowing Base to the German Borrowing Base (resulting in a corresponding reduction of the Domestic Borrowing Base); however, the principal amount of borrowings and the outstanding letter of credit exposure under the German Revolving Credit Facility may not at any time exceed the German Revolving Credit Facility commitment amount then in effect.

The guarantees of the German Guarantors are limited solely to the German Revolving Credit Facility obligations. Under the terms of the Fourth Amended Credit Agreement and related loan documentation, neither the German Borrowers nor the German Guarantors (collectively, the "German Loan Parties") will be liable for any obligations relating to the U.S. Revolving Credit Facility. The Global Revolving Credit Facilities are secured by liens on all or substantially all of the assets of the Domestic Borrowers. The German Revolving Credit Facility is secured by liens on all or substantially all of the assets of the German Borrowers and certain assets of the German Guarantors. Any liens granted by the German Loan Parties secure only the German Revolving Credit Facility obligations.

Terms, Covenants and Events of Default. In general, borrowings under the Global Revolving Credit Facilities will bear interest at LIBOR (which cannot be less than zero percent) plus an applicable margin ranging from 1.25% to 1.75%, depending on the amount of availability under the Fourth Amended Credit Agreement. In addition, the Company may elect an alternate borrowing rate ("ABR") for borrowings under the Global Revolving Credit Facilities. ABR borrowings under the Global Revolving Credit Facilities will bear interest at the highest interest rate shown in the following table:

	Applicable Margin	
	U.S. Revolving Credit Facility	German Revolving Credit Facility
Prime rate	0.00%-0.25%	Not applicable
Federal funds rate +0.50%	0.00%-0.25%	Not applicable
Monthly LIBOR (which cannot be less than zero percent) +1.00%	0.00%-0.25%	Not applicable
Overnight LIBOR (which cannot be less than zero percent)	Not applicable	1.25%-1.75%

The Company is also required to pay a monthly commitment fee on the unused amounts available under the Global Revolving Credit Facilities at a per annum rate of 0.25%.

If specified excess availability (i.e., aggregate availability, plus any excess of the aggregate borrowing base over the aggregate commitments under the Global Revolving Credit Facilities as then in effect, subject to certain limitations) under the Global Revolving Credit Facilities is less than the greater of (i) \$20 million and (ii) 10% of the aggregate commitments under the Global Revolving Credit Facilities as then in effect, the Company is required to comply with a fixed charge coverage ratio (as defined in the Fourth Amended Credit Agreement) of not less than 1.1 to 1.0 for the preceding four-quarter period, tested as of the end of each quarter. Such compliance, once required, would no longer be necessary once (x) specified excess availability under the Global Revolving Credit Facilities exceeds the greater of (i) 17.5% of the aggregate commitment for the Global Revolving Credit Facilities and (ii) \$35 million for 60 consecutive days and (y) no default or event of default has occurred and is continuing during such 60-day period. As of December 31, 2019, specified excess availability under the Global Revolving Credit Facilities exceeded the minimum required amount, and the Company is not required to comply with such fixed charge coverage ratio.

The Fourth Amended Credit Agreement contains affirmative, reporting and negative covenants, events of default and other terms which the Company believes are ordinary and standard for agreements of this nature, with which the Company and its subsidiaries must comply during the term of the agreement. Among other things, such covenants restrict the ability of the Company and its subsidiaries to incur certain debt, incur or create certain liens, make specified restricted payments,

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(Dollars in millions, except as noted)

authorize or issue capital stock, enter into transactions with their affiliates, consolidate, merge with or acquire another business, sell certain of their assets, or dissolve or wind up.

In addition, if the specified excess availability under the Global Revolving Credit Facilities is less than the greater of (i) \$25 million and (ii) 12.5% of the aggregate commitments under the Global Revolving Credit Facilities as then in effect, the Company will be subject to increased reporting obligations and controls until such time as availability is more than the greater of (a) \$35 million and (b) 17.5% of the aggregate commitments under the Global Revolving Credit Facilities as then in effect.

Under the terms of the Fourth Amended and Restated Credit Agreement, we are permitted to pay cash dividends on, and repurchase shares of, our common stock without limitation, as long as our specified excess availability under the Fourth Amended and Restated Credit Agreement exceeds the greater of (i) \$25 million and (ii) 12.5% of our aggregate commitments under the Global Revolving Credit Facilities (approximately \$28 million as of December 31, 2019), on a pro forma basis after giving effect to such dividend or stock repurchase (as the case may be). If our specified excess availability, on a pro forma basis, is less than the applicable threshold, we are subject to certain restrictions on the amount of cash dividends we are permitted to declare and the amount of share repurchases we are permitted to execute. As of December 31, 2019, the Company's availability exceeded the applicable threshold, so this restriction did not apply.

The Fourth Amended Credit Agreement also contains events of default customary for financings of this type, including failure to pay principal or interest, materially false representations or warranties, failure to observe covenants and certain other terms of the Fourth Amended Credit Agreement, cross-defaults to certain other indebtedness, bankruptcy, insolvency, various ERISA and foreign pension violations, the incurrence of material judgments and changes in control.

Availability under the Global Revolving Credit Facilities varies over time depending on the value of the Company's inventory, receivables and various capital assets. As of December 31, 2019, the Company had \$21.6 million of borrowings and \$0.5 million in letters of credit outstanding under the Global Revolving Credit Facilities and \$173.5 million of available credit (based on exchange rates at December 31, 2019). As of December 31, 2019 and 2018, the weighted-average interest rate on outstanding Revolver borrowings was 1.3 percent and 2.9 percent per annum, respectively.

Other Debt

In January 2013, Neenah Germany entered into a project financing agreement for the construction of a melt blown machine (the "Second German Loan Agreement"). The agreement provided €9.0 million of construction financing which is secured by the melt blown machine. The loan matures in September 2022 and principal is repaid in 32 equal quarterly installments beginning in December 2014. The interest rate on amounts outstanding is 2.45% and is payable quarterly. At December 31, 2019, €3.1 million (\$3.5 million, based on exchange rates at December 31, 2019) was outstanding under the Second German Loan Agreement.

In May 2018, Neenah Germany entered into a project financing agreement for the construction of a regenerative thermal oxidizer ("RTO") (the "Third German Loan Agreement"). The purposes of the project were to increase the capacity of the existing saturators and ensure compliance with new European air emission standards. The agreement provided €5.0 million of financing and is secured by the asset. The loan matures in September 2022 and principal is repaid in 13 equal quarterly installments beginning in June 2019. The interest rate on amounts outstanding is 1.45% and is payable quarterly. In the fourth quarter 2018, the Company received a subsidy from the German government of \$0.9 million due to completion of the RTO project in the form of a principal reduction. At December 31, 2019, €3.3 million (\$3.7 million, based on exchange rates at December 31, 2019) was outstanding under the Third German Loan Agreement.

NEENAH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

Principal Payments

The following table presents the Company's required debt payments:

	2020	2021	2022	2023	2024	Thereafter	Total
Debt payments	\$ 2.6	\$ 177.8	\$ 1.8	\$ 21.6	\$ —	\$ —	\$ 203.8

Note 8. Pension and Other Postretirement Benefits

Pension Plans

Substantially all active employees of the Company's U.S. operations participate in defined benefit pension plans and/or defined contribution retirement plans. The Company also has defined benefit plans and/or alternative retirement plans for substantially all its employees in Germany, the U.K, and the Netherlands. In addition, the Company maintains a SERP which is a non-qualified defined benefit plan. The Company provides benefits under the SERP to the extent necessary to fulfill the intent of its defined benefit retirement plans without regard to the limitations set by the Internal Revenue Code on qualified defined benefit plans.

The Company's policy is to recognize settlement losses for deferred vested pension benefit payments regardless of whether the amount exceeded the sum of expected service cost and interest costs of the pension plan for the respective calendar year. During 2019, 2018, and 2017, the Company recorded a \$0.1 million, \$0.8 million, and a \$0.6 million settlement losses in the SERP, for total payments of \$0.5 million, \$2.2 million, \$1.3 million, respectively.

The Company's funding policy for its U.S. qualified defined benefit plans and its U.K. defined benefit plan is to contribute assets in compliance with regulatory requirements to fund the projected benefit obligation. There is no legal or governmental obligation to fund Neenah Germany's benefit plans and as such the Neenah Germany defined benefit plans are currently unfunded. As of December 31, 2019, Neenah Germany had investments of \$2.0 million that were restricted to the payment of certain post-retirement employee benefits. As of December 31, 2019, \$1.4 million and \$0.6 million of such investments are classified as Prepaid and other current assets and Other assets, respectively, on the consolidated balance sheet. The Neenah Coldenhove retirement benefit obligations are administered by a third-party insurance company, and funding for these benefits comes from premiums paid. Nonqualified plans providing pension benefits in excess of limitations imposed by taxing authorities are not funded; however, the Company holds \$4.0 million of marketable securities that are designated for the payment of benefits under the SERP as of December 31, 2019, classified as Other Assets on the consolidated balance sheet.

During October 2019, the Company reached an agreement with the union members of the Christelijke Nationale Vakbond ("CNV") and the Federatie Nederlandse Vakvereniging ("FNV") that affected employees in the Netherlands. In accordance with the new agreements, effective December 31, 2019, the Neenah Coldenhove defined benefit pension plan is closed to new entrants, and the defined benefit pension plan was replaced by a new defined contribution plan. All new employees will participate in the new defined contribution plan, and current employees will have their benefit frozen at current levels under the defined benefit plan and will begin participation in the new defined contribution plan. The Company recognized a curtailment gain of \$1.6 million in the fourth quarter of 2019 due to these changes.

During November 2019, the Company ratified a new collective bargaining agreement with the USW that affected hourly employees at the Appleton Mill. In accordance with the new agreement, effective February 2020, the current defined benefit pension plan at this location will be closed to new entrants, and the defined benefit pension plan will be replaced by a new defined contribution plan. All new hourly employees will participate in the new defined contribution plan, and certain hourly employees (30 of 115 employees at this location) with less than 25 years of service will have their benefit frozen at current levels under the defined benefit plan and will begin participation in the new defined contribution plan. Hourly employees with over 25 years of service will continue to participate in the respective defined benefit plan. There were no curtailment or amendment charges recognized due to this change.

NEENAH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

During December 2018, the Company signed new collective bargaining agreements with the USW that affected hourly employees at the Munising Mill, Whiting Mill, Neenah Mill, and Neenah Finishing Center. In accordance with the new agreements, effective March 2019, the current defined benefit pension plans at these locations will be closed to new entrants, and the defined benefit pension plans will be replaced by a new defined contribution plan. All new hourly employees will participate in the new defined contribution plan, and certain hourly employees (375 of 690 employees at these locations) with less than 25 years of service will have their benefit frozen at current levels under the defined benefit plan and will begin participation in the new defined contribution plan. Hourly employees with over 25 years of service and certain other hourly employees will continue to participate in their respective defined benefit plans. There were no curtailment or amendment charges recognized due to these changes.

The Company uses the fair value of pension plan assets to determine pension expense, rather than averaging gains and losses over a period of years. Investment gains or losses represent the difference between the expected return calculated using the fair value of the assets and the actual return based on the fair value of assets. The Company's pension obligations are measured annually as of December 31.

Multi-Employer Plan

Prior to July 1, 2018, the hourly employees of the Lowville, New York facility were covered by a multi-employer defined benefit plan. Effective on that date, the Company and representatives of the United Steelworkers Union (the "USW") of the Lowville mill initiated actions to withdraw from the Pace Industry Union-Management Pension Fund ("PIUMPF"). As a result, the Company recorded an estimated withdrawal liability of \$1.0 million, which assumed payment of \$0.1 million per year over 20 years, discounted at a credit adjusted risk-free rate of 5.7%. In October 2019, the Company received a billing from PIUMPF for the withdrawal liability, which confirmed the \$1.0 million liability. In addition to the withdrawal liability, PIUMPF also demanded immediate payment of \$1.3 million for the Company's pro-rata share of the fund's accumulated funding deficiency. The Company is challenging this demand and believes it to be unenforceable. As such, the Company has not recorded a liability for this amount as of December 31, 2019.

For the year ended December 31, 2018, the Company's contributions to the plan were less than \$0.1 million and less than 5% of total plan contributions. On July 1, 2018, when the Company withdrew, the plan was in the red zone. Among other factors, plans in the red zone are generally less than 65% funded.

Other Postretirement Benefit Plans

The Company maintains postretirement health care and life insurance benefit plans for active employees of the Company and former employees of the Canadian pulp operations. The Canadian plans are generally noncontributory for employees who were eligible to retire on or before December 31, 1992 and contributory for most employees who became eligible to retire on or after January 1, 1993. The Company does not provide a subsidized benefit to non-union U.S. employees hired after 2003 or collectively bargained employees after 2005. The Company's obligations for postretirement benefits other than pensions are measured annually as of December 31.

NEENAH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

The following table reconciles the benefit obligations, plan assets, funded status and net liability information of the Company's pension and other postretirement benefit plans.

	Pension Benefits		Postretirement Benefits Other than Pensions	
	Year Ended December 31,			
	2019	2018	2019	2018
Change in Benefit Obligation:				
Benefit obligation at beginning of year	\$ 430.7	\$ 463.9	\$ 42.4	\$ 44.0
Service cost	5.0	6.7	1.2	1.1
Interest cost	16.2	15.8	1.5	1.4
Currency	(1.2)	(4.6)	0.1	(0.3)
Actuarial (gain) loss	55.0	(29.3)	(0.7)	1.1
Benefit payments from plans	(21.1)	(20.3)	(4.8)	(4.9)
Plan curtailment (a)	(2.8)	—	—	—
Settlement payments	(0.5)	(2.2)	—	—
Other	1.1	0.7	—	—
Benefit obligation at end of year	<u>\$ 482.4</u>	<u>\$ 430.7</u>	<u>\$ 39.7</u>	<u>\$ 42.4</u>
Change in Plan Assets:				
Fair value of plan assets at beginning of year	\$ 375.2	\$ 400.4	\$ —	\$ —
Actual gain (loss) on plan assets	62.1	(18.9)	—	—
Employer contributions	8.3	18.2	—	—
Currency	(0.5)	(2.7)	—	—
Benefit payments	(21.1)	(20.3)	—	—
Settlement payments	(0.5)	(2.2)	—	—
Other	0.6	0.7	—	—
Fair value of plan assets at end of year	<u>\$ 424.1</u>	<u>\$ 375.2</u>	<u>\$ —</u>	<u>\$ —</u>
Reconciliation of Funded Status				
Fair value of plan assets	\$ 424.1	\$ 375.2	\$ —	\$ —
Projected benefit obligation	482.4	430.7	39.7	42.4
Net liability recognized in statement of financial position	<u>\$ (58.3)</u>	<u>\$ (55.5)</u>	<u>\$ (39.7)</u>	<u>\$ (42.4)</u>
Amounts recognized in statement of financial position consist of:				
Current liabilities	\$ (1.2)	\$ (1.7)	\$ (5.6)	\$ (5.2)
Noncurrent liabilities	(57.1)	(53.8)	(34.1)	(37.2)
Net amount recognized	<u>\$ (58.3)</u>	<u>\$ (55.5)</u>	<u>\$ (39.7)</u>	<u>\$ (42.4)</u>

(a) For the year ended December 31, 2019, the Company recognized a curtailment gain of \$1.6 million related to the Neenah Coldenhove pension plan. See discussion earlier in this Note.

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NEENAH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

Amounts recognized in accumulated other comprehensive income (loss) consist of:

	Pension Benefits		Postretirement Benefits Other than Pensions	
	December 31,			
	2019	2018	2019	2018
Accumulated actuarial loss	\$ 117.8	\$ 110.1	\$ 7.2	\$ 8.7
Prior service cost	0.9	0.7	—	—
Total recognized in AOCI	<u>\$ 118.7</u>	<u>\$ 110.8</u>	<u>\$ 7.2</u>	<u>\$ 8.7</u>

Summary disaggregated information about the pension plans follows:

	December 31,					
	Assets Exceed ABO		ABO Exceed Assets		Total	
	2019	2018	2019	2018	2019	2018
Projected benefit obligation	\$ —	\$ 130.3	\$ 482.4	\$ 300.4	\$ 482.4	\$ 430.7
Accumulated benefit obligation	—	125.4	478.3	298.5	478.3	423.9
Fair value of plan assets	—	128.8	424.1	246.4	424.1	375.2

Components of Net Periodic Benefit Cost

	Pension Benefits			Postretirement Benefits Other than Pensions		
	Year Ended December 31,					
	2019	2018	2017	2019	2018	2017
Service cost	\$ 5.0	\$ 6.7	\$ 5.5	\$ 1.2	\$ 1.1	\$ 1.2
Interest cost	16.2	15.8	15.0	1.5	1.4	1.4
Expected return on plan assets (a)	(21.1)	(21.0)	(19.9)	—	—	—
Recognized net actuarial loss	4.9	5.2	5.6	0.9	0.8	0.3
Amortization of prior service cost (credit)	0.2	0.2	0.2	—	(0.2)	(0.2)
Curtailement gain	(1.6)	—	—	—	—	—
Amount of settlement loss recognized	0.1	0.8	0.6	—	—	—
Net periodic benefit cost	<u>\$ 3.7</u>	<u>\$ 7.7</u>	<u>\$ 7.0</u>	<u>\$ 3.6</u>	<u>\$ 3.1</u>	<u>\$ 2.7</u>

- (a) The expected return on plan assets, excluding the Neenah Coldenhove plan assets, is determined by multiplying the fair value of plan assets at the prior year-end (adjusted for estimated current year cash benefit payments and contributions) by the expected long-term rate of return. The Neenah Coldenhove pension plan is funded through an insurance contract, and the expected return on plan assets is calculated based on the discount rate of the insured obligations.

NEENAH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income (Loss)

	Pension Benefits			Postretirement Benefits Other than Pensions		
	Year Ended December 31,					
	2019	2018	2017	2019	2018	2017
Net periodic benefit expense	\$ 3.7	\$ 7.7	\$ 7.0	\$3.6	\$ 3.1	\$ 2.7
Accumulated actuarial gain (loss)	7.7	4.2	10.1	(1.5)	0.1	3.7
Prior service cost (credit)	0.2	(0.1)	(0.1)	—	0.2	0.2
Total recognized in other comprehensive income (loss)	7.9	4.1	10.0	(1.5)	0.3	3.9
Total recognized in net periodic benefit cost and other comprehensive income (loss)	\$ 11.6	\$ 11.8	\$ 17.0	\$2.1	\$ 3.4	\$ 6.6

The estimated net actuarial loss and prior service cost for the defined benefit pension plans expected to be amortized from AOCI into net periodic benefit cost over the next fiscal year are \$5.3 million and \$0.3 million, respectively. The estimated net actuarial loss and prior service (credit) for postretirement benefits other than pensions expected to be amortized from AOCI into net periodic benefit cost over the next fiscal year is \$0.6 million and \$0.0 million, respectively.

Weighted-Average Assumptions Used to Determine Benefit Obligations at December 31

	Pension Benefits		Postretirement Benefits Other than Pensions	
	2019	2018	2019	2018
	Discount rate	2.98%	3.94%	2.68%
Rate of compensation increase	2.05%	2.34%	—%	—%
Initial healthcare cost trend rate	—%	—%	6.10%	6.80%
Ultimate healthcare cost trend rate	—%	—%	4.50%	4.50%
Ultimate year	—	—	2037	2037

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NEENAH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

Weighted-Average Assumptions Used to Determine Net Periodic Benefit Cost for Years Ended December 31

	Pension Benefits			Postretirement Benefits Other than Pensions		
	Year Ended December 31,					
	2019	2018	2017	2019	2018	2017
Discount rate	3.78%	3.65%	4.18%	3.84%	3.42%	3.89%
Expected long-term return on plan assets (a)	5.91%	5.78%	6.31%	—%	—%	—%
Rate of compensation increase	2.33%	2.44%	2.49%	2.50%	2.50%	—%
Initial healthcare cost trend rate	—%	—%	—%	6.50%	6.80%	7.00%
Ultimate healthcare cost trend rate	—%	—%	—%	4.50%	4.50%	4.50%
Ultimate year	—	—	—	2037	2037	2037

- (a) The expected long-term return on plan assets does not include the Neenah Coldenhove plan assets. The Neenah Coldenhove pension plan is funded through an insurance contract, and the expected return on plan assets is calculated based on the discount rate of the insured obligations.

Expected Long-Term Rate of Return and Investment Strategies

The expected long-term rate of return on pension fund assets held by the Company's pension trusts was determined based on several factors, including input from pension investment consultants and projected long-term returns of broad equity and bond indices. Also considered were the plans' historical compounded annual returns. It is anticipated that, on average, the managed pension plan assets will generate a return of 5 to 6 percent. The expected long-term rate of return on the assets in the plans was based on an asset allocation assumption of approximately 33 percent with equity managers, with expected long-term rates of return of approximately 8 to 10 percent, 8 percent with hedge funds/other, with expected long-term rates of return of approximately 5 to 7 percent, and 59 percent with fixed income managers, with an expected long-term rate of return of about 3 to 5 percent. The actual asset allocation is regularly reviewed and periodically rebalanced to the targeted allocation when considered appropriate.

Plan Assets

Pension plan asset allocations are as follows:

Asset Category (a)	Percentage of Plan Assets At December 31,	
	2019	2018
Equity securities	33%	33%
Hedge fund / Other	8%	8%
Debt securities / Fixed Income	59%	58%
Cash and money-market funds	—%	1%
Total	100%	100%

- (a) The asset categories do not include the insurance contract related to the Neenah Coldenhove pension plan.

NEENAH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

The Company's investment objective for pension plan assets is to ensure, over the long-term life of the pension plans, an adequate pool of assets to support the benefit obligations to participants, retirees, and beneficiaries. Specifically, these objectives include the desire to: (a) invest assets in a manner such that future assets are available to fund liabilities, (b) maintain liquidity sufficient to pay current benefits when due and (c) diversify, over time, among asset classes so assets earn a reasonable return with acceptable risk to capital.

The weighted average target investment allocation and permissible allocation range for plan assets by category are as follows:

Asset Category	Strategic Target	Permitted Range
Equity securities	33%	28-38%
Hedge fund / Other	8%	3-13%
Debt securities / Fixed Income	59%	54-64%

As of December 31, 2019, no company or group of companies in a single industry represented more than 5 percent of plan assets.

The Company's investment assumptions are established by an investment committee composed of members of senior management and are validated periodically against actual investment returns. As of December 31, 2019, the Company's investment assumptions are as follows:

- (1) The plan should be substantially fully invested in debt and equity securities at all times because substantial cash holdings will reduce long-term rates of return;
- (2) Equity investments will provide greater long-term returns than fixed income investments, although with greater short-term volatility;
- (3) It is prudent to diversify plan investments across major asset classes;
- (4) Allocating a portion of plan assets to foreign equities will increase portfolio diversification, decrease portfolio risk and provide the potential for long-term returns;
- (5) Investment managers with active mandates can reduce portfolio risk below market risk and potentially add value through security selection strategies, and a portion of plan assets should be allocated to such active mandates;
- (6) A component of passive, indexed management can benefit the plans through greater diversification and lower cost, and a portion of the plan assets should be allocated to such passive mandates, and
- (7) It is appropriate to retain more than one investment manager, given the size of the plans, provided that such managers offer asset class or style diversification.

For the years ended December 31, 2019, 2018 and 2017, no plan assets were invested in the Company's securities.

Cash Flows

At December 31, 2019, the Company expects to make aggregate contributions to qualified and nonqualified defined benefit pension trusts and to pay pension benefits for unfunded pension and other postretirement benefit plans in 2020 of approximately \$9 million (based on exchange rates at December 31, 2019).

NEENAH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

	Pension Plans	Postretirement Benefits Other than Pensions
2020	\$ 22.3	\$ 5.6
2021	27.1	5.0
2022	23.3	4.6
2023	24.2	4.2
2024	25.0	3.9
Years 2025-2029	129.3	13.7

Health Care Cost Trends

Assumed health care cost trend rates affect the amounts reported for postretirement health care benefit plans. A one percentage-point change in assumed health care cost trend rates would have the following effects:

	One Percentage- Point	
	Increase	Decrease
Effect on total of service and interest cost components	\$ —	\$ —
Effect on post-retirement benefit other than pension obligation	0.2	(0.2)

Defined Contribution Retirement Plans

Company contributions to defined contribution retirement plans are based on various factors for covered employees. Contributions to these plans, all of which were charged to expense, were \$2.0 million in 2019, \$2.3 million in 2018 and \$2.5 million in 2017. In addition, the Company maintains a supplemental retirement contribution plan (the "SRCP") which is a non-qualified, unfunded defined contribution plan. The Company provides benefits under the SRCP to the extent necessary to fulfill the intent of its defined contribution retirement plans without regard to the limitations set by the Internal Revenue Code on qualified defined contribution plans. For the years ended December 31, 2019, 2018 and 2017, the Company recognized expense related to the SRCP of \$0.4 million, \$0.0 million and \$0.4 million, respectively. At both December 31, 2019 and December 31, 2018, the unfunded obligation of the SRCP was \$1.7 million.

Investment Plans

The Company provides voluntary contribution investment plans to substantially all North American employees. Under the plans, the Company matches a portion of employee contributions. For the years ended December 31, 2019, 2018 and 2017, costs charged to expense for Company matching contributions under these plans were \$4.7 million, \$4.0 million and \$3.7 million, respectively.

NEENAH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

Note 9. Stock Compensation Plans

The Company established the 2004 Omnibus Stock and Incentive Plan (the "2004 Omnibus Plan") in December 2004 and reserved 3,500,000 shares of \$0.01 par value common stock ("Common Stock") for issuance under the Omnibus Plan. Pursuant to the terms of the 2004 Omnibus Plan, the compensation committee of the Company's Board of Directors may grant various types of equity-based compensation awards, including incentive and nonqualified stock options, SARs, restricted stock, RSUs, Performance Units, in addition to certain cash-based awards. All grants under the Omnibus Plan will be made at fair market value and no grant may be repriced. In general, the options expire 10 years from the date of grant and vest over a 3-year service period.

At the 2018 Annual Meeting of Stockholders, the Company's stockholders approved an amendment and restatement of the 2004 Omnibus Plan (as amended and restated the "2018 Omnibus Plan"). The amendment and restatement authorized the Company to reserve an additional 800,000 shares of Common Stock for future issuance. As of December 31, 2019, the Company had 1,091,000 shares of Common Stock reserved for future issuance under the 2018 Omnibus Plan. As of December 31, 2019, the number of shares available for future issuance was reduced by approximately 177,000 shares for outstanding SARs where the closing market price for the Company's common stock was greater than the exercise price of the SAR. The Company accounts for stock-based compensation pursuant to the fair value recognition provisions of ASC Topic 718, *Compensation — Stock Compensation* ("ASC Topic 718").

Valuation and Expense Information Under ASC Topic 718

Substantially all stock-based compensation expense has been recorded in Selling, general and administrative expenses on the consolidated statements of operations. The following table summarizes stock-based compensation costs and related income tax benefits.

	Year Ended December 31,		
	2019	2018	2017
Stock-based compensation expense	\$ 5.6	\$ 4.0	\$ 6.4
Income tax benefit	(1.4)	(1.0)	(2.5)
Stock-based compensation, net of income tax benefit	<u>\$ 4.2</u>	<u>\$ 3.0</u>	<u>\$ 3.9</u>

The following table summarizes total compensation costs related to the Company's equity awards and amounts recognized in the year ended December 31, 2019.

	Stock Options	Performance Shares and RSUs
Unrecognized compensation cost — December 31, 2018	\$ 0.6	\$ 2.1
Grant date fair value current year grants	—	5.5
Compensation expense recognized	(0.4)	(5.2)
Unrecognized compensation cost — December 31, 2019	<u>\$ 0.2</u>	<u>\$ 2.4</u>
Expected amortization period (in years)	<u>1.1</u>	<u>1.6</u>

Stock Options/SARs

The Company grants nonqualified stock options to certain non-U.S. employees and Stock Appreciation Rights (SARs, and collectively 'stock options') to certain U.S. employees. Upon exercise, the holder of a SAR receives common shares equal to the number of SARs exercised multiplied by a fraction where the numerator is equal to the market price at the time of

NEENAH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

exercise minus the exercise price of the SAR and the denominator is equal to the market price at the time of exercise. The SARs can only be settled for shares of Common Stock and the Company does not receive any cash proceeds upon exercise.

The following tables present information regarding stock options awarded during the years ended December 31, 2019, 2018 and 2017.

	2019	2018	2017
Stock options granted	1,272	108,420	144,089
Per share weighted-average exercise price	\$ 66.59	\$ 93.22	\$ 82.11
Per share weighted-average grant date fair value	\$ 10.32	\$ 15.00	\$ 13.54

The weighted-average grant date fair value for stock options granted for the years ended December 31, 2019, 2018 and 2017 was estimated using the Black-Scholes option valuation model with the following assumptions:

	2019	2018	2017
Expected term in years	5.0	5.7	5.8
Risk free interest rate	1.8%	2.5%	2.1%
Volatility	23.1%	21.5%	22.9%
Dividend yield	3.0%	3.0%	3.0%

Expected volatility and the expected term were estimated by reference to the historical stock price performance of the Company and historical data for the Company's stock option awards, respectively. The risk-free interest rate was based on the yield on U.S. Treasury bonds with a remaining term approximately equal to the expected term of the stock option awards. Forfeitures were estimated at the date of grant.

The following table summarizes stock option activity under the Omnibus Plan for the year ended December 31, 2019:

	Number of Stock Options	Weighted-Average Exercise Price
Options outstanding — December 31, 2018	451,081	\$ 67.46
Add: Options granted	1,272	\$ 66.59
Less: Options exercised	34,073	\$ 35.26
Less: Options forfeited/cancelled	1,732	\$ 71.89
Options outstanding — December 31, 2019	<u>416,548</u>	\$ 70.08

NEENAH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

The status of outstanding and exercisable stock options as of December 31, 2019, summarized by exercise price follows:

Exercise Price	Options Vested or Expected to Vest				Options Exercisable			
	Number of Options	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Aggregate Intrinsic Value (a)	Number of Options	Weighted-Average Exercise Price	Aggregate Intrinsic Value (a)	
\$13.38 — \$22.44	8,745	0.8	\$ 18.72	\$ 0.4	8,745	\$ 18.72	\$ 0.4	
\$24.09 — \$42.82	56,380	3.3	\$ 34.28	2.0	56,380	\$ 34.28	2.0	
\$48.19 — \$74.20	121,703	5.8	\$ 58.45	1.5	120,347	\$ 58.35	1.5	
\$74.70 — \$93.35	229,720	7.5	\$ 86.93	—	132,557	\$ 85.35	—	
	<u>416,548</u>	6.3	\$ 70.08	<u>\$ 3.9</u>	<u>318,029</u>	\$ 64.36	<u>\$ 3.9</u>	

- (a) Represents the total pre-tax intrinsic value as of December 31, 2019 that option holders would have received had they exercised their options as of such date. The pre-tax intrinsic value is based on the closing market price for the Company's common stock of \$70.43 on December 31, 2019.

The aggregate pre-tax intrinsic value of stock options exercised for the years ended December 31, 2019, 2018 and 2017 was \$1.2 million, \$5.2 million and \$11.5 million, respectively.

The following table summarizes the status of the Company's unvested stock options as of December 31, 2019 and activity for the year then ended:

	Number of Stock Options	Weighted-Average Grant Date Fair Value
Outstanding — December 31, 2018	210,178	\$ 14.21
Add: Options granted	1,272	\$ 10.32
Less: Options vested	111,615	\$ 14.04
Less: Options forfeited	1,316	\$ 13.73
Outstanding — December 31, 2019	<u>98,519</u>	\$ 14.41

As of December 31, 2019, certain participants met age and service requirements that allowed their options to qualify for accelerated vesting upon retirement. As of December 31, 2019, there were approximately 61,000 stock options subject to accelerated vesting that such participants would have been eligible to exercise if they had retired as of such date. The aggregate grant date fair value of options subject to accelerated vesting was \$0.9 million. For the year ended December 31, 2019, stock-based compensation expense for such options was less than \$0.1 million. For the year ended December 31, 2019, the aggregate grant date fair value of options vested, including options subject to accelerated vesting, was \$1.6 million. Stock options that reflect accelerated vesting for expense recognition become exercisable according to the contract terms of the stock option grant.

PSUs/RSUs

For the year ended December 31, 2019, the Company granted target awards of 49,730 PSUs. The measurement period for three fourths of the PSUs is January 1, 2019 through December 31, 2019, and for the remaining fourth of the PSUs is

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

January 1, 2019 through December 31, 2021. The PSUs vest on December 31, 2021. Common Stock equal to not more than 200 percent of the PSUs target will be awarded based on the Company's return on invested capital, consolidated revenue growth, EPS and total return to shareholders relative to the companies in the Russell 2000® Value small cap index. The Company's return on invested capital, consolidated revenue growth and EPS are adjusted for certain items as further described in the Performance Share Unit Award Agreement.

As of December 31, 2019, the Company expects that Common Stock equal to approximately 67 percent of the PSU targets will be earned. The market price on the date of grant for the PSUs was \$69.05 per share. At the end of the measurement period, the PSUs convert into RSUs, at the determined rate mentioned above, that are entitled to dividends but do not have voting rights. The Company is recognizing stock-based compensation expense pro-rata over the vesting term of the PSUs/RSUs. For further discussion on participating securities refer to Note 3, "Earnings Per Share".

For the year ended December 31, 2019, the Company awarded 10,056 RSUs to non-employee members of the Board of Directors and 36,457 RSUs to employees. The weighted-average grant date fair value of such awards was \$67.04 per share and the awards vest one year from the date of grant for the Board of Directors grants and in equal amounts at December 31, 2019, 2020, and 2021 for the employee grants. During the vesting period, the holders of the RSUs are entitled to dividends, but the RSUs do not have voting rights and are forfeited in the event the holder is no longer an employee or member of the Board of Directors on the vesting date as further described in the Restricted Stock Unit Award Agreement.

The following table summarizes the activity of the Company's unvested stock-based awards (other than stock options) for the years ended December 31, 2019, 2018 and 2017:

	RSUs	Weighted-Average Grant Date Fair Value	PSUs	Weighted-Average Grant Date Fair Value
Outstanding — December 31, 2016	80,719	\$ 54.91	53,506	\$ 73.79
Shares granted (a)	10,318	\$ 76.84	41,883	\$ 81.85
Shares vested	(72,451)	\$ 55.26	—	\$ —
Performance Shares vested	73,838	\$ 52.11	(53,506)	\$ 73.79
Shares expired or cancelled	(3,625)	\$ 50.48	(506)	\$ 81.85
Outstanding — December 31, 2017	88,799	\$ 53.33	41,377	\$ 81.85
Shares granted (a)	10,618	\$ 82.29	40,747	\$ 93.21
Shares vested	(72,190)	\$ 60.24	—	\$ —
Performance Shares vested	33,928	\$ 88.40	(31,421)	\$ 81.85
Shares expired or cancelled	(7,695)	\$ 84.45	(3,482)	\$ 84.45
Outstanding — December 31, 2018	53,460	\$ 67.53	47,221	\$ 93.21
Shares granted (a)	46,556	\$ 67.04	49,730	\$ 69.05
Shares vested	(63,595)	\$ 72.91	—	\$ —
Performance Shares vested	10,354	\$ 93.21	(25,833)	\$ 93.21
Shares expired or cancelled	(2,113)	\$ 69.35	(4,927)	\$ 85.67
Outstanding — December 31, 2019 (b)	<u>44,662</u>	\$ 65.23	<u>66,191</u>	\$ 75.62

- (a) For the years ended December 31, 2019, 2018 and 2017, includes 43 RSUs, 132 RSUs and 226 RSUs, respectively, that were granted in lieu of cash dividends. Such dividends-in-kind vest concurrently with the underlying RSUs.
- (b) The aggregate pre-tax intrinsic value of outstanding RSUs as of December 31, 2019 was \$3.1 million.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

The aggregate pre-tax intrinsic value of restricted stock and RSUs that vested for the years ended December 31, 2019, 2018 and 2017 was \$4.2 million, \$4.4 million and \$6.3 million, respectively.

Excess Tax Benefits

Excess tax benefits represent the difference between the tax deduction the Company will receive on its tax return for compensation recognized by employees upon the vesting or exercise of stock-based awards and the tax benefit recognized for the grant date fair value of such awards. For the years ended December 31, 2019, 2018 and 2017, the Company recognized excess tax benefits related to the exercise or vesting of stock-based awards of \$0.1 million, \$1.2 million and \$4.5 million, respectively.

Note 10. Stockholders' Equity

Common Stock

The Company has authorized 100 million shares of Common Stock. Holders of the Company's Common Stock are entitled to one vote per share.

In November 2019, the Company's Board of Directors authorized a program, effective January 1, 2020, that would allow the Company to repurchase up to \$25 million of its outstanding Common Stock over the next 12 months (the "2020 Stock Purchase Plan"). Purchases by the Company under the 2020 Stock Purchase Plan would be made from time to time in the open market or in privately negotiated transactions in accordance with the requirements of applicable law. The timing and amount of any purchases will depend on share price, market conditions and other factors. The 2020 Stock Purchase Plan does not require the Company to purchase any specific number of shares and may be suspended or discontinued at any time. The 2020 Stock Purchase Plan is expected to be funded using cash on hand or borrowings under the Company's bank credit facility. The Company also had \$25 million repurchase programs in place during the preceding two years that expired in December 2019 (the "2019 Stock Purchase Plan") and December 2018 (the "2018 Stock Purchase Plan"), respectively.

The following table shows shares purchased under the respective stock purchase plans:

	Year Ended December 31,					
	2019		2018		2017	
	Shares	\$	Shares	\$	Shares	\$
2019 Stock Purchase Plan	79,676	\$ 4.9				
2018 Stock Purchase Plan			124,434	\$ 9.3		
2017 Stock Purchase Plan					—	—
2016 Stock Purchase Plan					85,354	\$ 6.8

As of December 31, 2019, under the terms of the Fourth Amended and Restated Credit Agreement and the 2021 Senior Notes, the Company has limitations on its ability to repurchase shares of its Common Stock, as further discussed in Note 7, "Debt."

For the years ended December 31, 2019, 2018 and 2017, the Company acquired 17,774 shares, 25,890 shares and 28,000 shares of Common Stock, respectively, at a cost of \$1.3 million, \$1.5 million and \$2.5 million, respectively, for shares surrendered by employees to pay taxes due on vested restricted stock awards and SARs exercised.

NEENAH, INC. AND SUBSIDIARIES

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(Dollars in millions, except as noted)

Preferred Stock

The Company has authorized 20 million shares of \$0.01 par value preferred stock. The preferred stock may be issued in one or more series and with such designations and preferences for each series as shall be stated in the resolutions providing for the designation and issue of each such series adopted by the Board of Directors of the Company. The Board of Directors is authorized by the Company's articles of incorporation to determine the voting, dividend, redemption and liquidation preferences pertaining to each such series. No shares of preferred stock have been issued by the Company.

Other Comprehensive Income (Loss)

Comprehensive income (loss) includes, in addition to net income (loss), gains and losses recorded directly into stockholders' equity on the consolidated balance sheet. These gains and losses are referred to as other comprehensive income (loss) ("OCI") items. AOCI consists of foreign currency translation gains and (losses), adjustments related to pensions and other post-retirement benefits, and, prior to 2018, deferred gains and (losses) on "available-for-sale" securities. The Company does not provide income taxes for foreign currency translation adjustments related to indefinite investments in foreign subsidiaries.

The components of accumulated other comprehensive income (loss), net of applicable income taxes are as follows:

	December 31,	
	2019	2018
Net loss from pension and other postretirement benefit liabilities, net of income tax benefits of \$31.6 million and \$29.9 million, respectively	\$ (94.3)	\$ (89.6)
Unrealized foreign currency translation losses, net of income tax benefits of \$0.3 and \$0.3, respectively	(19.0)	(15.5)
AOCI	<u>\$ (113.3)</u>	<u>\$ (105.1)</u>

The following table presents changes in accumulated other comprehensive income (loss):

	Year Ended December 31,								
	2019			2018			2017		
	Pretax Amount	Tax Effect	Net Amount	Pretax Amount	Tax Effect	Net Amount	Pretax Amount	Tax Effect	Net Amount
Unrealized foreign currency translation gains (losses)	\$ (3.5)	\$ —	\$ (3.5)	\$ (7.9)	\$ (0.1)	\$ (8.0)	\$ 20.0	\$ —	\$ 20.0
Adjustment to pension and other benefit liabilities (a)	(6.4)	1.7	\$ (4.7)	(4.4)	1.1	(3.3)	(13.8)	2.9	(10.9)
Unrealized loss on "available-for-sale" securities (b)	—	—	—	—	—	—	(0.4)	0.1	(0.3)
Other comprehensive income (loss)	<u>\$ (9.9)</u>	<u>\$ 1.7</u>	<u>\$ (8.2)</u>	<u>\$ (12.3)</u>	<u>\$ 1.0</u>	<u>\$ (11.3)</u>	<u>\$ 5.8</u>	<u>\$ 3.0</u>	<u>\$ 8.8</u>

- (a) In conjunction with the Tax Act, the Company early adopted in the fourth quarter of 2017 ASU 2018-02, Reclassification of Certain Tax Effects From Accumulated Other Comprehensive Income (Topic 740) and accordingly reclassified \$10.9 million from AOCI to retained earnings to address the stranded tax effects resulting from the effect of lower tax rates in the Tax Act on items with AOCI.
- (b) The Company adopted ASU 2016-01, Financial Instruments-Overall: Recognition and Measurement of Financial Assets and Financial Liabilities as of January 1, 2018. As a result of the adoption, the Company reclassified \$0.3

NEENAH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

million of unrealized losses (net of \$0.1 million income tax effect) on "available-for-sale" securities to beginning retained earnings.

For the years ended December 31, 2019, 2018 and 2017, the Company reclassified \$6.0 million, \$6.0 million and \$5.9 million, respectively, of costs from AOCI to Other expense, net on the consolidated statements of operations. For the years ended December 31, 2019, 2018 and 2017, the Company recognized an income tax benefit of \$1.5 million, \$1.5 million and \$2.3 million, respectively, related to such reclassifications classified as Provision for income taxes on the consolidated statements of operations.

For the year ended December 31, 2019, 2018, and 2017, the Company reclassified costs of \$1.3 million, \$0.8 million, and \$0.6 million, respectively, from AOCI to the pension and SERP plan related adjustments on the Consolidated Statements of Operations. For the years ended December 31, 2019, 2018, and 2017, the Company recognized an income tax benefit of \$0.3 million, \$0.2 million, and \$0.2 million, respectively, related to such reclassifications classified as provision for income taxes on the Consolidated Statements of Operations.

Note 11. Leases

Effective January 1, 2019, the Company adopted ASU 2016-02, *Leases (Topic 842)* using the modified retrospective transition option. The Company also elected the package of transition provisions available for expired or existing contracts, which allowed us to carry forward our historical assessments of (1) whether contracts are or contain leases, (2) lease classification and (3) initial direct costs. The most significant impact was recognition of right-of-use ("ROU") assets of \$16 million and lease liabilities of \$17 million on the Condensed Consolidated Balance Sheet as of January 1, 2019. The adoption of this standard did not have a significant effect related to existing leases and, as a result, no cumulative-effect adjustment was needed. The Company also completed the implementation of new processes to assist in the ongoing lease data collection and analysis, and updated its accounting policies and internal controls in connection with the adoption of the new standard.

The Company has operating leases for corporate offices, warehouses and certain equipment, with remaining lease terms of up to 11 years, some of which include options to extend the leases for up to five years. The Company determines if an arrangement is a lease at inception. Operating leases with terms greater than 12 months are included in "Lease Right-of-Use Assets", "Lease liabilities payable within one year" and "Noncurrent Lease Liabilities" on the Condensed Consolidated Balance Sheets. As of December 31, 2019, the Company did not have any material finance leases.

Operating lease ROU assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

The Company's lease agreements contain lease and non-lease components, which are accounted for as a single lease component. Additionally, for certain equipment leases, the Company applies a portfolio approach to effectively account for the operating lease ROU assets and liabilities.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

The components of lease expense were as follows:

	Year Ended December 31, 2019
Operating lease cost	\$ 3.1
Short-term lease cost	1.5
Variable lease cost (a)	2.1

- (a) The variable lease costs consist mainly of a warehouse lease where the cost is determined based on the square footage used each month.

For the year ended December 31, 2019, the Company paid \$3.1 million for amounts included in the measurement of operating lease liabilities. For the year ended December 31, 2019, new ROU assets of \$0.4 million were obtained in exchange for operating lease liabilities.

As of December 31, 2019, the weighted average remaining lease term and weighted average discount rate for operating leases were 8.1 years and 4.9%, respectively.

Maturities of lease liabilities were as follows:

Year Ending December 31,	Operating Leases
2020	\$ 2.8
2021	2.6
2022	2.3
2023	2.0
2024	1.7
Thereafter	7.4
Total lease payments	18.8
Less: Imputed interest	3.9
Total lease liabilities	\$ 14.9

Under the previous accounting standard, ASC Topic 840, *Leases*, which was effective through December 31, 2018, the rent expense under operating leases for the years ended December 31, 2018 and 2017 rent was \$7.2 million and \$6.8 million, respectively.

Note 12. Commitments, Contingencies, and Legal Matters

Litigation

The Company is involved in certain legal actions and claims arising in the ordinary course of business. While the outcome of these legal actions and claims cannot be predicted with certainty, it is the opinion of management that the outcome of any such claim which is pending or threatened, either individually or on a combined basis, will not have a material effect on the consolidated financial condition, results of operations or liquidity of the Company.

NEENAH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

Income Taxes

The Company periodically undergoes examination by the Internal Revenue Service (the "IRS") as well as various state and foreign jurisdictions. These tax authorities routinely challenge certain deductions and credits reported by the Company on its income tax returns. No significant tax audit findings are being contested at this time with either the IRS or any state or foreign tax authority.

Environmental, Health and Safety Matters

The Company is subject to federal, state and local laws, regulations and ordinances relating to various environmental, health and safety matters. The Company is in compliance with, or is taking actions designed to ensure compliance with, these laws, regulations and ordinances. However, the nature of the Company's business exposes it to the risk of claims with respect to environmental, health and safety matters, and there can be no assurance that material costs or liabilities will not be incurred in connection with such claims. Except for certain orders issued by environmental, health and safety regulatory agencies, with which management believes the Company is in compliance and which management believes are immaterial to the results of operations of the Company's business, Neenah is not currently named as a party in any judicial or administrative proceeding relating to environmental, health and safety matters.

While the Company has incurred in the past several years, and will continue to incur, capital and operating expenditures in order to comply with environmental, health and safety laws, regulations and ordinances, management believes that the Company's future cost of compliance with environmental, health and safety laws, regulations and ordinances, and its exposure to liability for environmental, health and safety claims will not have a material effect on its financial condition, results of operations or liquidity. However, future events, such as changes in existing laws and regulations or contamination of sites owned, operated or used for waste disposal by the Company (including currently unknown contamination and contamination caused by prior owners and operators of such sites or other waste generators) may give rise to additional costs which could have a material effect on the Company's financial condition, results of operations or liquidity.

The Company incurs capital expenditures necessary to meet legal requirements and otherwise relating to the protection of the environment at its facilities in the United States and internationally. The Company's anticipated capital expenditures for environmental projects are not expected to have a material effect on the Company's financial condition, results of operations or liquidity.

Employees and Labor Relations

As of December 31, 2019, the Company had approximately 2,324 regular full-time employees of whom 995 hourly and 513 salaried employees were located in the United States and 385 hourly and 431 salaried employees were located in Europe. All of the Company's U.S. hourly union employees are represented by the USW. Certain employees of Neenah Germany are eligible to be represented by the Mining, Chemicals and Energy Trade Union, Industriegewerkschaft Bergbau, Chemie and Energie (the "IG BCE"). Under German law union membership is voluntary and does not need to be disclosed to the Company. As a result, the number of employees covered by the collective bargaining agreement with the IG BCE cannot be determined. In Netherlands, most of our employees are eligible to be represented by the Christelijke Nationale Vakbond ("CNV") and the Federatie Nederlandse Vakvereniging ("FNV"). Under Netherlands law, union membership is voluntary and does not need to be disclosed to the Company. The collective bargaining arrangement with CNV and FNV will expire in April 2020. Hourly union employees at the Company's Bolton, England manufacturing facility are represented by Unite the Union ("UNITE"). As of December 31, 2019, no employees are covered under collective bargaining agreements that will expire in the next 12 months, not including the employees covered by the collective bargaining arrangements with the IG BCE and CNV and FNV.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

The following table shows the status of the Company's bargaining agreements as of December 31, 2019.

<u>Contract Expiration Date</u>	<u>Location</u>	<u>Union</u>	<u>Number of Employees</u>
April 2020	Eerbeek, Netherlands	CNV, FNV	(a)
August 2020	Weidach and Bruckmühl, Germany	IG BCE	(a)
January 2021	Whiting, WI	USW	203
June 2021	Neenah, WI	USW	244
July 2021	Munising, MI	USW	177
November 2021	Lowville, NY	USW	98
May 2022	Appleton, WI	USW	89

- (a) Under Germany and Netherlands laws, union membership is voluntary and does not need to be disclosed to the Company. As a result, the number of employees covered by the collective bargaining agreement with the IG BCE, and the CNV and FNV cannot be determined.

Purchase Commitments

The Company has certain minimum purchase commitments that extend beyond December 31, 2019. Commitments under these contracts are approximately \$7.2 million, \$0.8 million, \$0.2 million, and \$0.2 million for the years ended December 31, 2020, 2021, 2022, and 2023 respectively. Such purchase commitments for the year ended December 31, 2020 are primarily for raw material contracts. Although the Company is primarily liable for payments on the above-mentioned leases and purchase commitments, management believes exposure to losses, if any, under these arrangements is not material.

Note 13. Sale of Brattleboro Mill and Impairment Loss

In the second quarter of 2018, as a result of a broad scope review of various initiatives to improve margins and optimize the portfolio of products and manufacturing footprint in the Fine Paper and Packaging segment, the Company determined that the Brattleboro mill was not a strategic part of the Fine Paper and Packaging manufacturing footprint, given the nature of the office supply category. Historically, the Brattleboro mill had manufactured products primarily for the office supply category, and more recently had been adversely impacted by manufacturing inefficiencies due to changes in input costs, product category and grade complexity. Following the review, the Company initiated a process to sell the Brattleboro mill, its business operations and associated research and office facilities ("disposal group"). The disposal transaction did not constitute a strategic shift in the business that would have a major effect on operations of the Company.

Upon classifying the disposal group as assets held for sale, the Company tested the individual assets of the disposal group for impairment. The disposal group was measured at fair value (a Level 3 measurement, using unobservable estimates), less costs to sell. On December 31, 2018, the Company completed the sale of the Brattleboro mill to Long Falls Paperboard, LLC for a purchase price of \$5.0 million. In conjunction with the sale, the Company recorded an impairment loss of \$31.1 million, of which \$24.4 million, \$1.1 million and \$5.6 million was reported within the Fine Paper and Packaging, Technical Products and Other business segments, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

Note 14. Business Segment and Geographic Information

The Company's reportable operating segments consist of Technical Products, Fine Paper and Packaging and, in the prior year periods only, Other. The Technical Products segment is an aggregation of the Company's filtration and performance materials businesses which are similar in terms of economic characteristics, nature of products, processes, customer class and product distribution methods.

The technical products business is an international producer of fiber-formed, coated and/or saturated specialized media that delivers high performance benefits to customers. Included in this segment are filtration media for transportation, water and other end use applications ("Filtration"), and tape and abrasives backings products ("Backings") and digital image transfer, durable label and other specialty substrate products ("Specialty").

The following table presents sales by product category for the technical products business:

	Year Ended December 31,		
	2019	2018	2017
Filtration	42%	40%	42%
Backings	24%	28%	31%
Specialty	34%	32%	27%
Total	100%	100%	100%

Following the disposition of the Brattleboro mill which eliminated a significant portion of the products of the Other business segment, in January 2019 the Company realigned the remaining products manufactured in the Other business segment to be managed as part of the Technical Products business segment. As a result, the Company recast the comparable 2018 and 2017 information and presented the \$15.6 million and \$16.5 million of net sales for the year ended December 31, 2018 and 2017, respectively, of this remaining portion of the Other business segment within the Technical Products business segment. The 2018 and 2017 operating income (loss) of the Other business segment was immaterial and was not recast. The Company also recast the total assets by segment and presented the \$12.9 million of total assets as of December 31, 2018 of this remaining portion of the Other business segment within the Technical Products business segment. The Company also recast the 2018 and 2017 depreciation and amortization and capital expenditures by segment and presented \$0.7 million and \$0.9 million of depreciation and amortization, respectively, and \$0.0 million and \$1.1 million of capital expenditures, respectively, of this remaining portion of the Other business segment within the Technical Products business segment. The Company presented the net sales for the years ended December 31, 2018 and 2017 of the remaining portion of the Other business segment into Specialty products category in the table above.

The fine paper and packaging business is a leading supplier of premium printing and other high-end specialty papers ("Graphic Imaging"), premium packaging ("Packaging") and specialty office papers ("Filing/Office") primarily in North America. The following table presents sales by product category for the fine paper and packaging business:

	Year Ended December 31,		
	2019	2018	2017
Graphic Imaging	79%	78%	80%
Packaging	21%	18%	16%
Filing/Office	—%	4%	4%
Total	100%	100%	100%

Each segment employs different technologies and marketing strategies. Disclosure of segment information is on the same basis that management uses internally for evaluating segment performance and allocating resources. Transactions between segments are eliminated in consolidation. The costs of shared services, and other administrative functions managed on a

NEENAH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

common basis, are allocated to the segments based on usage, where possible, or other factors based on the nature of the activity. General corporate expenses that do not directly support the operations of the business segments are shown as Unallocated corporate costs. The accounting policies of the reportable operating segments are the same as those described in Note 2, "Summary of Significant Accounting Policies."

Business Segments

	Year Ended December 31,		
	2019	2018	2017
Net sales			
Technical Products	\$ 541.6	\$ 583.2	\$ 518.6
Fine Paper and Packaging	396.9	445.8	455.3
Other	—	5.9	6.0
Consolidated	<u>\$ 938.5</u>	<u>\$ 1,034.9</u>	<u>\$ 979.9</u>

	Year Ended December 31,		
	2019	2018	2017
Operating income (loss)			
Technical Products (a)	\$ 44.6	\$ 50.9	\$ 55.3
Fine Paper and Packaging (b)	53.2	29.4	69.5
Other (c)	—	(6.4)	(0.4)
Unallocated corporate costs (d)	(19.5)	(19.8)	(20.1)
Consolidated	<u>\$ 78.3</u>	<u>\$ 54.1</u>	<u>\$ 104.3</u>

- (a) Operating income for the year ended December 31, 2019 included restructuring and other non-routine costs of \$0.3 million and a curtailment gain of \$1.6 million related to the Neenah Coldenhove pension plan. Operating income for the year ended December 31, 2018 included non-cash impairment loss, restructuring and integration costs, and pension settlement charges of \$2.5 million, offset by favorable acquisition adjustments of \$3.9 million.
- (b) Operating income for the year ended December 31, 2019 included \$5.7 million of non-routine costs, primarily related to idled paper machine costs due to the consolidation of the fine paper manufacturing footprint. Operating income for the year ended December 31, 2018 included non-cash impairment loss, restructuring costs, and pension settlement charges of \$24.6 million, offset by favorable insurance settlement of \$0.3 million. Operating income for the year ended December 31, 2017 included a favorable insurance settlement of \$2.9 million. Operating income for the year ended December 31, 2016 included integration costs of \$1.8 million.
- (c) Operating income for the year ended December 31, 2018 included non-cash impairment loss, restructuring costs, and a pension settlement charge of \$6.0 million, offset by favorable insurance settlement of \$0.1 million. Operating income for the year ended December 31, 2017 included a favorable insurance settlement of \$0.3 million. Operating income for the years ended December 31, 2016 included integration costs of \$1.1 million.
- (d) Unallocated corporate costs for the year ended December 31, 2019 included costs of \$0.3 million, consisting of restructuring and other non-routine costs and a SERP settlement charge. Unallocated corporate costs for the year ended December 31, 2018 included restructuring costs and pension settlement charge of \$1.9 million. Unallocated corporate costs for the year ended December 31, 2017 included acquisition and integration costs of \$1.3 million and \$0.6 million from pension plan and SERP settlement costs. December 31, 2016 included \$2.7 million of pre-operating costs related to conversion of a fine paper machine to filtration and \$0.8 million for a pension plan settlement charge.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

	Year Ended December 31,		
	2019	2018	2017
Depreciation and amortization			
Technical Products	\$ 24.1	\$ 24.4	\$ 20.3
Fine Paper and Packaging	13.2	9.9	11.0
Other	—	0.2	0.3
Corporate	1.6	1.6	1.7
Consolidated	<u>\$ 38.9</u>	<u>\$ 36.1</u>	<u>\$ 33.3</u>

	Year Ended December 31,		
	2019	2018	2017
Capital expenditures			
Technical Products	\$ 13.1	\$ 28.0	\$ 29.7
Fine Paper and Packaging	7.7	8.7	12.5
Corporate	0.6	1.4	0.5
Consolidated	<u>\$ 21.4</u>	<u>\$ 38.1</u>	<u>\$ 42.7</u>

	December 31,	
	2019	2018
Total Assets (a)		
Technical Products	\$ 573.8	\$ 599.3
Fine Paper and Packaging	217.7	234.7
Corporate and other (b)	36.3	27.2
Total	<u>\$ 827.8</u>	<u>\$ 861.2</u>

- (a) Segment identifiable assets are those that are directly used in the segments operations.
(b) Corporate assets are primarily deferred income taxes and lease ROU assets.

Geographic Information

	Year Ended December 31,		
	2019	2018	2017
Net sales			
United States	\$ 673.0	\$ 744.4	\$ 748.9
Germany	196.3	216.5	210.3
Rest of Europe	69.2	74.0	20.7
Consolidated	<u>\$ 938.5</u>	<u>\$ 1,034.9</u>	<u>\$ 979.9</u>

Form 10-K

NEENAH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

Net sales are attributed to geographic areas based on the physical location of the selling entities.

	December 31,	
	2019	2018
Long-Lived Assets		
United States	\$ 364.2	\$ 366.3
Germany	153.3	157.9
Rest of Europe	57.6	59.1
Total	<u>\$ 575.1</u>	<u>\$ 583.3</u>

Long-lived assets consist of property and equipment, deferred income taxes, goodwill, intangibles and other assets.

Concentrations

For the year ended December 31, 2019, sales to the technical products business' largest customer represented approximately 8 percent of consolidated net sales, and approximately 14 percent of net sales for the technical products segment. For the years ended December 31, 2018, and 2017, there were no customers sales to which constituted over 10 percent of segment net sales for technical products. For the year ended December 31, 2019, sales to the largest customer of fine paper and packaging business represented approximately 8 percent of consolidated net sales, and approximately 18 percent of net sales of the fine paper and packaging business. For the year ended December 31, 2018, sales to the two largest customers of fine paper and packaging business represented approximately 7 percent and 5 percent, respectively, of consolidated net sales and approximately 16 percent and 12 percent, respectively, of net sales of the fine paper and packaging business. For the year ended December 31, 2017 sales to the two largest customers of fine paper and packaging business each represented approximately 7 percent of consolidated net sales and approximately 15 percent of net sales of the fine paper and packaging business. Except for certain specialty latex grades and specialty softwood pulp used by Technical Products, management is not aware of any significant concentration of business transacted with a particular supplier that could, if suddenly eliminated, have a material effect on its operations.

Note 15. Supplemental Data

Supplemental Statement of Operations Data

Summary of Advertising and Research and Development Expenses

	Year Ended December 31,		
	2019	2018	2017
Advertising expense (a)	\$ 4.9	\$ 4.7	\$ 6.0
Research and development expense	8.7	9.2	8.9

- (a) Advertising expense and research and development expense are recorded in Selling, general and administrative expenses on the consolidated statements of operations.

NEENAH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

Supplemental Balance Sheet Data

Summary of Accounts Receivable, net

	December 31,	
	2019	2018
From customers	\$ 104.1	\$ 116.1
Less allowance for doubtful accounts and sales discounts	(1.5)	(1.3)
Total	<u>\$ 102.6</u>	<u>\$ 114.8</u>

Summary of Inventories

	December 31,	
	2019	2018
Inventories by Major Class:		
Raw materials	\$ 32.8	\$ 35.6
Work in progress	26.4	30.1
Finished goods	67.3	78.3
Supplies and other	5.2	3.0
	<u>131.7</u>	<u>147.0</u>
Excess of FIFO over LIFO cost	(8.9)	(15.4)
Total	<u>\$ 122.8</u>	<u>\$ 131.6</u>

The first-in, first-out ("FIFO") value of inventories valued on the LIFO method was \$102.2 million and \$109.1 million at December 31, 2019 and 2018, respectively. For the year ended December 31, 2019 and 2018, income from continuing operations before income taxes was reduced by less than \$0.1 million and \$0.6 million, respectively, due to a decrease in certain LIFO inventory quantities.

Summary of Prepaid and Other Current Assets

	December 31,	
	2019	2018
Prepaid and other current assets	\$ 9.9	\$ 12.2
Spare parts	6.4	6.6
Receivable for income taxes	2.0	2.8
Total	<u>\$ 18.3</u>	<u>\$ 21.6</u>

Form 10-K

NEENAH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

Summary of Property, Plant and Equipment, net

	December 31,	
	2019	2018
Land and land improvements	\$ 19.4	\$ 19.0
Buildings	165.4	156.0
Machinery and equipment	651.0	650.3
Construction in progress	14.8	14.9
	<u>850.6</u>	<u>840.2</u>
Less accumulated depreciation	470.0	444.0
Net Property, Plant and Equipment	<u>\$ 380.6</u>	<u>\$ 396.2</u>

Depreciation expense for the years ended December 31, 2019, 2018 and 2017 was \$33.9 million, \$32.6 million and \$28.3 million, respectively. Interest expense capitalized as part of the costs of capital projects was \$0.2 million, \$0.2 million and \$0.0 million, respectively, for the years ended December 31, 2019, 2018 and 2017.

Summary of Accrued Expenses

	December 31,	
	2019	2018
Accrued salaries and employee benefits	\$ 26.2	\$ 23.9
Amounts due to customers	8.9	9.6
Accrued income taxes	0.5	5.3
Accrued utilities	3.0	3.9
Accrued interest	1.2	1.2
Other	7.2	11.3
Total	<u>\$ 47.0</u>	<u>\$ 55.2</u>

Summary of Noncurrent Employee Benefits

	December 31,	
	2019	2018
Pension benefits	\$ 57.1	\$ 54.0
Post-employment benefits other than pensions (a)	36.0	38.9
Total	<u>\$ 93.1</u>	<u>\$ 92.9</u>

- (a) Post-employment benefits other than pensions included \$1.7 million of SRCP benefits, \$0.7 million of Canadian long-term disability benefits, and \$0.2 million of other long-term benefits as of December 31, 2019. As of December 31, 2018, \$1.7 million of SRCP benefits and \$0.8 million of Canadian long-term disability benefits were included.

NEENAH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

Supplemental Cash Flow Data

Supplemental Disclosure of Cash Flow Information

	Year Ended December 31,		
	2019	2018	2017
Cash paid during the year for interest, net of interest expense capitalized	\$ 10.9	\$ 11.9	\$ 11.3
Cash paid during the year for income taxes, net of refunds	13.3	7.6	7.6
Non-cash investing activities:			
Liability for equipment acquired	3.2	3.4	5.4

Net Cash Provided by (Used in) Changes in Operating Working Capital, Net of Effect of Acquisitions

	Year Ended December 31,		
	2019	2018	2017
Accounts receivable	\$ 11.6	\$ (0.9)	\$ (10.2)
Inventories	8.2	3.8	(11.7)
Income taxes receivable/payable	(5.4)	(1.8)	4.5
Prepaid and other current assets	2.4	(1.8)	(0.4)
Accounts payable	(14.0)	0.3	10.6
Accrued expenses	(3.4)	(0.6)	(4.2)
Other	—	—	(0.4)
Total	<u>\$ (0.6)</u>	<u>\$ (1.0)</u>	<u>\$ (11.8)</u>

Note 16. Unaudited Quarterly Data

	2019 Quarters				
	First	Second (a)	Third (b)	Fourth (c)	Year
Net Sales	\$ 239.7	\$ 253.4	\$ 231.8	\$ 213.6	\$ 938.5
Gross Profit	43.7	50.7	44.7	44.3	183.4
Operating Income (Loss)	17.4	19.8	19.0	22.1	78.3
Income (Loss) From Continuing Operations	11.8	13.6	14.4	15.6	55.4
Earnings (Loss) Per Common Share From Continuing Operations:					
Basic	<u>\$ 0.70</u>	<u>\$ 0.80</u>	<u>\$ 0.85</u>	<u>\$ 0.92</u>	<u>\$ 3.27</u>
Diluted	<u>\$ 0.69</u>	<u>\$ 0.80</u>	<u>\$ 0.84</u>	<u>\$ 0.92</u>	<u>\$ 3.26</u>

- (a) Operating income includes idled paper machine costs of \$2.0 million, indirect tax audit costs for 2012-15 of \$0.6 million, and restructuring and other non-routine costs of \$0.9 million.

NEENAH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except as noted)

- (b) Operating income includes idled paper machine costs of \$2.4 million, indirect tax audit costs for 2012-15 of \$0.1 million, a favorable adjustment to restructuring and other non-routine costs of \$0.2 million, and a SERP settlement charge of \$0.1 million.
- (c) Operating income includes idled paper machine costs of \$0.3 million, a pension plan curtailment gain of \$1.6 million, and a pension plan curtailment charge of \$0.1 million.

	2018 Quarters				
	First (d)	Second (e)	Third (f)	Fourth (g)	Year
Net Sales	\$ 266.5	\$ 271.3	\$ 256.2	\$ 240.9	\$ 1,034.9
Gross Profit	52.4	55.1	41.3	34.6	183.4
Operating Income	24.1	(4.3)	16.5	17.8	54.1
Income From Continuing Operations	16.2	(4.8)	12.9	12.9	37.2
Earnings Per Common Share From Continuing Operations:					
Basic	<u>\$ 0.96</u>	<u>\$ (0.29)</u>	<u>\$ 0.76</u>	<u>\$ 0.77</u>	<u>\$ 2.20</u>
Diluted	<u>\$ 0.95</u>	<u>\$ (0.29)</u>	<u>\$ 0.75</u>	<u>\$ 0.76</u>	<u>\$ 2.17</u>

- (d) Income from continuing operations includes an unfavorable prior year tax adjustment of \$0.9 million related to one-time taxes on foreign earnings under the Tax Act and an after-tax SERP settlement charge of \$0.6 million.
- (e) Operating loss includes an impairment loss of \$32.0 million, pension settlement charges of \$1.0 million and integration and restructuring charges of \$0.3 million.
- (f) Operating income includes a favorable acquisition-related adjustment of \$3.1 million, a favorable insurance settlement of \$0.4 million, and unfavorable adjustments to the impairment loss of \$2.0 million and \$2.2 million of integration and restructuring charges.
- (g) Operating income includes favorable adjustments to the impairment loss of \$2.9 million and \$0.4 million to integration and restructuring costs and a favorable acquisition-related adjustment of \$0.8 million. Income from continuing operations includes a favorable tax adjustment related to a Netherlands tax rate change of \$0.7 million.

SCHEDULE II

NEENAH, INC. AND SUBSIDIARIES
SCHEDULE OF VALUATION AND QUALIFYING ACCOUNTS
(Dollars in millions)

Description	<u>Balance at Beginning of Period</u>	<u>Charged to Costs and Expenses</u>	<u>Charged to Other Accounts</u>	<u>Write-offs and Reclassifications</u>	<u>Balance at End of Period</u>
December 31, 2019					
Allowances deducted from assets to which they apply					
Allowance for doubtful accounts	\$ 0.8	\$ 0.5	\$ —	\$ (0.3)	\$ 1.0
Allowance for sales discounts	0.5	—	(0.1)	—	0.4
Valuation allowance – deferred income taxes	2.7	—	3.1	—	5.8
December 31, 2018					
Allowances deducted from assets to which they apply					
Allowance for doubtful accounts	\$ 0.8	\$ 0.1	\$ —	\$ (0.1)	\$ 0.8
Allowance for sales discounts	0.5	—	—	—	0.5
Valuation allowance – deferred income taxes	0.4	0.1	2.2	—	2.7
December 31, 2017					
Allowances deducted from assets to which they apply					
Allowance for doubtful accounts	\$ 1.0	\$ 0.2	\$ —	\$ (0.4)	\$ 0.8
Allowance for sales discounts	0.5	—	—	—	0.5
Valuation allowance – deferred income taxes	3.5	—	—	(3.1)	0.4

STOCKHOLDER INFORMATION

CORPORATE HEADQUARTERS

Neenah, Inc.
3460 Preston Ridge Road
Suite 600
Alpharetta, GA 30005
678.566.6500
www.neenah.com

ANNUAL MEETING OF STOCKHOLDERS

The 2020 annual meeting of the stockholders of Neenah, Inc. will be held Thursday, May 21, 2020 at 2:00 p.m., Eastern Daylight Time at Neenah's headquarters in Alpharetta, Georgia.

We are actively monitoring developments with respect to the coronavirus. In the event it is not possible or advisable to hold our annual meeting in person, we will announce alternative arrangements for the meeting, which may include holding the meeting solely by means of remote communication. Please monitor our investor relations webpage at www.neenah.com.

As of March 27, 2020, Neenah had approximately 1,080 holders of record of its common stock.

REGISTRAR AND TRANSFER AGENT

Computershare
P.O. Box 505000
Louisville, KY 40233
www.computershare.com/investor

Contact Center:

Toll-Free:	877-498-8847
TDD for Hearing Impaired:	800-231-5469
Foreign Stockholders:	201-680-6578
TDD for International Callers:	201-680-6610

FINANCIAL AND OTHER COMPANY INFORMATION

Our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 is available on our website at www.neenah.com along with financial reports, recent filings with the Securities and Exchange Commission (SEC), news releases and other information.

For a printed copy of our Form 10-K and Annual Report materials, without charge, please contact:

Neenah, Inc.
Attn: Stockholder Services
3460 Preston Ridge Road
Suite 600
Alpharetta, GA 30005
866.548.6569
or via email to investors@neenah.com

CERTIFICATIONS

Certifications of Neenah's Chief Executive Officer and Chief Financial Officer regarding the quality of our public disclosure have been included as exhibits to its Annual Report on Form 10-K for the fiscal year ended December 31, 2019 filed with the SEC.

TRADEMARKS

Brand names mentioned in this report are trademarks of Neenah, Inc.

STOCK EXCHANGE

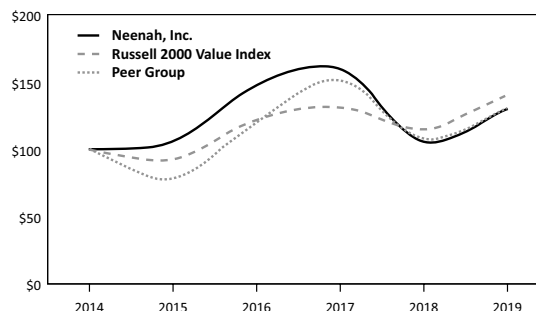
NP LISTED NYSE Neenah's common stock is traded on the New York Stock Exchange under the symbol NP.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Deloitte & Touche LLP
191 Peachtree Street NE
Suite 2000
Atlanta, GA 30303

COMPARISON OF FIVE YEAR CUMULATIVE TOTAL RETURN*

Among Neenah, Inc., the Russell 2000 Value Index and a Peer Group



Peer Group: Clearwater Paper Corp., Ferro Corp., P.H. Glatfelter Co., Innophos Holdings, Inc., Innospec, Inc., Kraton Corp., Lydall, Inc., Myers Industries, Inc., OMNOVA Solutions, Inc., Quaker Chemical Corp., Rayonier Advanced Materials, Inc., Rogers Corp., Schweitzer-Mauduit International, Inc., Stepan Co.

* \$100 invested on December 31, 2014 in stock or index, including reinvestment of dividends.

STOCK PRICE PERFORMANCE

	Russell 2000 Value	Year-on-Year % Change	Neenah, Inc.	Year-on-Year % Change
2019	1,926.49	20%	\$70.43	20%
2018	1,608.84	-15%	\$58.92	-35%
2017	1,883.34	6%	\$90.65	6%
2016	1,779.87	29%	\$85.20	36%
2015	1,380.60	-9%	\$62.43	4%

Reflects stock price as of December 31 of the year indicated

LEADERSHIP

EXECUTIVE TEAM



John P. O'Donnell*
President and Chief Executive Officer



Julie A. Schertell**
Senior Vice President, Chief Operating Officer



Bonnie C. Lind
Senior Vice President, Chief Financial Officer and Treasurer



Byron J. Racki
Senior Vice President, Sales and Marketing



Ronald J. Lane
Senior Vice President, Operations



Noah S. Benz
Senior Vice President, General Counsel and Secretary

BOARD OF DIRECTORS



William M. Cook
Chairman of the Board, Former Executive Chairman of Donaldson Company, Inc.



Donna M. Costello
Former Chief Financial Officer of C&D Technologies



Margaret S. Dano
Former Vice President, Honeywell International, Inc., Worldwide Operations of Garrett Engine Boosting Systems



Timothy S. Lucas
Retired Independent Consultant, Lucas Financial Reporting and Former Director of Research, FASB



Philip C. Moore
Retired Senior Vice President, Deputy General Counsel and Corporate Secretary, TD Bank Group



Julie A. Schertell**
Senior Vice President, Chief Operating Officer, Neenah, Inc.



Tony R. Thene
President and Chief Executive Officer of Carpenter Technology Corporation



Stephen M. Wood
Former President and Chief Executive Officer, FiberVisions Corporation



John P. O'Donnell*
President and Chief Executive Officer, Neenah, Inc.

*retiring effective as of the 2020 Annual Meeting of Stockholders

**elected to serve as President and Chief Executive Officer as of the 2020 Annual Meeting of Stockholders



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